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PART IV.

FURTHER CORRESPONDENCE

RESPECTING THE

FINANCES OF TURKEY.

1884.

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Further Correspondence respecting the Finances of Turkey: 1884.

Part IV.

No. 1.

Earl Granville to the Earl of Dufferin.

(No. 3.)

My Lord, *Foreign Office, January* 3, 1884.

WITH reference to your Excellency's despatch No. 663 of the 3rd ultimo, I transmit to you herewith a copy of a letter from the Council of Foreign Bondholders relative to the question of the Bulgarian tribute and the contributive parts of the Ottoman Public Debt to be borne by Greece, Bulgaria, Servia, and Montenegro.*

I have to request that your Excellency will inform me whether there is now any prospect of this question being taken into consideration by the Ambassadors of the Powers at Constantinople.

I am, &c.

(Signed) GRANVILLE.

No. 2.

Sir J. Pauncefote to the Council of Foreign Bondholders.

Sir, *Foreign Office, January* 3, 1884.

I AM directed by Earl Granville to acknowledge the receipt of your letter of the 18th December last relative to the contributive parts of the Turkish debt to be borne by Greece, Bulgaria, Servia, and Montenegro, and urging the desirability of a Conference at Constantinople for the settlement of this question.

I am to inform you, in reply, that Her Majesty's Government are in communication with Her Majesty's Ambassador at Constantinople with reference to this matter, and that a further communication will be addressed to you hereafter on the subject.

I am, &c.

(Signed) JULIAN PAUNCEFOTE.

No. 3.

E *Viscount Lyons to Earl Granville.—(Received January* 4.)

(No. 4.)

My Lord, *Paris, January* 2, 1884.

WITH reference to my despatch No. 879 of the 22nd ultimo, I have the honour to report that M. Jules Ferry asked me to-day if M. de Valfrey had spoken to me lately

* See Part III, No. 42.

on the subject of his endeavours to obtain a settlement of the share of the Ottoman Debt to be borne by the provinces which had been detached from the Empire.

I answered that M. de Valfrey had come to see me, and after giving me an account of his interviews with M. de Giers at Montreux, had told me that he intended to set out for St. Petersburgh at the end of this month.

I added that since I had seen M. de Valfrey I had received from your Lordship an answer to a despatch in which I had informed you of the intention which M. de Valfrey had expressed to me in November of visiting London, Vienna, Rome, Berlin, and St. Petersburgh. I went on to say that I had not yet had an opportunity of communicating this answer to M. de Valfrey, but that the purport of it was that Her Majesty's Government had held entirely aloof from the negotiations between the Porte and the Representatives of the bondholders which took place at Constantinople in 1881, and that they were not disposed now to take any action with regard to the mission contemplated by M. de Valfrey.

M. Jules Ferry replied that neither did the French Government propose to take any steps officially with regard to M. de Valfrey's mission, but that they hoped that he would be well received.

I have, &c.
(Signed) LYONS.

No. 4.

Musurus Pasha to Earl Granville.—(Received January 16.)

Milord, *Ambassade Impériale Ottomane, Londres, le 15 Janvier*, 1884.

EN me référant à ma note du 17 Août dernier et à celle de votre Excellence du 22 du même mois, je viens, par suite de nouvelles instructions du Gouvernement Impérial, prier votre Excellence de vouloir bien m'honorer d'une réponse à ma note du 1er Juin de l'année dernière, et me mettre ainsi à même de faire parvenir au Ministère Impérial des Finances un Tableau détaillé du service de l'Emprunt Garanti de 1855 à partir du 1er Avril, 1879, ainsi qu'un Tableau explicatif des revenus accumulés de l'Ile de Chypre.

A cette occasion, Son Altesse Aarifi Pacha me charge de déclarer de nouveau à votre Excellence que la Sublime Porte ne saurait à aucun titre admettre que la rançon de Mr. Suter fût déduite de l'excédent des revenus de Chypre, les raisons pour lesquelles le Gouvernement Impérial se croit en droit de décliner toute responsabilité à la suite de ce malheureux incident ayant été exposées dans la dépêche télégraphique du Ministère Impérial des Affaires Étrangères du 23 Avril, 1881, que j'ai eu l'honneur de communiquer à votre Excellence le 24 du même mois.

J'ai, &c.
(Signé) MUSURUS.

No. 5.

Sir J. Pauncefote to Sir R. Lingen.

Sir, *Foreign Office, January 19*, 1884.

I AM directed by Earl Granville to transmit to you, to be laid before the Lords Commissioners of the Treasury, the accompanying copy of a note from the Turkish Ambassador at this Court, again pressing for a reply to his note of the 1st June last, as to the payments, by England and France since the 1st April, 1879, on account of the Guaranteed Loan of 1855, and as to the accumulated surplus of the Cyprus revenues.*

His Excellency also refers to the question of the deduction from the Cyprus surplus of the ransom paid by Her Majesty's Government on account of Mr. Suter.

A copy of the proposed reply to Musurus Pasha embodying the information contained in your letters of the 8th September and 10th December last was forwarded by this Department to the Treasury for the concurrence of the Lords Commissioners in my letter of the 27th ultimo, and I am to request that you will move their Lordships to cause it to be returned to this Department with any observations which they may have to offer thereupon at their early convenience.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

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* No. 4.

No. 6.

M. Contostavlos to Sir P. Braïlas Arméni.—(Communicated to Earl Granville by Sir P. Braïlas Arméni, January 23, 1884.)

M. le Ministre, *Athènes, le 9 (21) Décembre*, 1883.

FAISANT suite aux communications que ce Département vous a déjà adressées concernant ses vues sur la question de la participation de la Grèce à la Dette Publique Ottomane en vertu de l'Article X de la Convention du 20 Juin (2 Juillet, 1881), j'ai l'honneur de vous transmettre en traduction Française ci-jointe, l'office du Ministère des Finances traitant en détail le fond même de la question.

Indépendamment des exceptions dilatoires qui le Gouvernement Royal serait en droit d'opposer au réglement de cette question, et qui vous sont déjà connues par mes notes précédentes, vous voudrez bien relever dans l'office de M. Tricoupi des faits et des données de grande importance ayant trait à la fixation de la part que la Grèce aurait à supporter de la dette Turque.

Persuadé que les considérations contenues dans cet exposé ne manqueront pas d'être dûment appreciées par le Gouvernement auprès duquel vous êtes accrédité, je vous prie de vouloir bien les lui communiquer et le prier d'y attirer l'attention de son Ambassadeur à Constantinople.

Veuillez, &c.
(Signé) CONTOSTAVLOS.

Inclosure 1 in No. 6.

M. Tricoupi to M. Contostavlos.

Monsieur mon Collègue, *Athènes, le 17 Novembre*, 1883.

J'AI lu les rapports de notre Ministre à Constantinople ainsi que certains articles de journaux que vous avez bien voulu me faire parvenir et qui sont relatifs à notre participation à la Dette Publique de la Turquie.

Mon attention a été particulièrement attirée par le Mémoire de Mr. Vincent, Président du Conseil Administratif pour la Dette Publique de la Turquie. Le Gouvernement Turc n'ayant fait encore aucune communication officielle au sujet de ses prétentions à cet égard, le Mémoire de Mr. Vincent, tant à raison de sa position auprès de la Caisse spéciale pour la dite dette qu'à raison de l'intérêt qui s'attache pour cette Caisse à la fixation de la part contributive de chacun des quatre États à la dette Turque, peut être regardé comme ayant un caractère quasi-officiel et offrant un terrain pour la discussion.

En conséquence, j'ai l'honneur de vous adresser les observations ci-après, me réservant de les compléter quand le Gouvernement Turc aura formulé officiellement ses prétentions.

Si la Grèce est obligée de participer à la dette Turque c'est en vertu du Traité signé à Constantinople le 20 Juin, 1881; ce Traité stipule que la part contributive de la Grèce sera proportionnelle aux revenus des territoires cédés, c'est-à-dire, à ce que ces provinces rapportaient au fisc Ottoman; mais on a négligé d'y préciser deux conditions qui sont essentielles, surtout lorsqu'on a à calculer les revenus de la Turquie, à cause des variations qu'ils ont subi selon les temps et les lieux. Ainsi, on n'a pas déterminé: (1) la période pendant laquelle les recettes publiques devaient servir de base pour établir la proportion voulue; (2) le mode de vérification de la somme effective des revenus.

Nous estimons que ces conditions sont nécessaires, parce que (*a*) le montant des revenus publics en Turquie s'est accru ou a diminué dans une proportion notable en différentes époques et en différentes provinces. Pour peu que nous examinions un budget quelconque, celui de 1874, par exemple, nous verrons que les recettes ont excédé de 83,000,000 fr. celles de l'année précédente; par contre, elles subissent une diminution de 51,000,000 fr. en 1875; (*b*) les impôts ont été acquittés en bons du Trésor qui valent aujourd'hui dix fois moins qu'ils ne valaient à cette époque; (*c*) dans quelques districts les impôts ont été perçus directement par l'Administration qui a payé les frais de constatation et de perception, tandis que, dans d'autres, ils ont à la même époque été affermés à des gens qui ont calculé et défalqué, en stipulant le prix de location, les frais de constatation, plus, un bénéfice assez important; (*d*) depuis le temps où les emprunts ont été conclus, l'étendue territoriale de l'Empire Ottoman a

subi des restrictions (en Égypte, en Serbie, au Monténégro, en Roumanie, &c.) et partant les revenus de la Turquie ont diminué en proportion, sans que les contrées retranchées de l'Empire aient participé aux charges des emprunts; (*e*) les marchandises provenant des provinces de l'intérieur, qui sont restées à la Turquie, ou en destination pour ces provinces, acquittaient les droits d'entrée ou de sortie dans les Douanes des ports de la Thessalie ou du Golfe de Preveza. Les taxes et droits ainsi perçus tout en incombant sur des marchandises appartenant à raison de leur provenance ou destination aux provinces qui sont encore sous la domination Ottomane, pourraient à tort figurer parmi les revenus des nouvelles provinces du Royaume; (*f*) dans les budgets des recettes de l'Empire est inscrit aussi le prix des biens nationaux que le Gouvernement Ture avait aliénés dans le courant de ces dernières années; mais ce prix touché précisément pendant les années dont on prétend aujourd'hui faire servir les revenus de base pour la répartition de la charge des dettes, ne saurait, n'existant pas aujourd'hui, être compté parmi les revenus fixes de ces provinces; (*g*) on compte parmi les revenus fixes de la Turquie la redevance militaire qui, payée par les Chrétiens, grève d'une manière toute inégale la population des nouvelles provinces composée de Chrétiens en très grande partie.

Par ces motifs et attendu qu'il n'y a en Turquie ni système complet de contrôle des différentes gestions, ni publications officielles, faites à temps, pour la constatation et la perception des impôts, les notes qu'une seule des parties intéressées produirait maintenant ne peuvent être réputées exactes ni assez régulières pour servir de base à la détermination de charges à imposer à d'autres États.

Nous aimons donc à croire que les Représentants des Grandes Puissances à qui le Traité a confié la tâche de régler cette affaire prendront soin d'appuyer leur décision sur l'équité et sur des faits réels; et qu'en conséquence ils choisiront pour déterminer le montant des recettes une période qui représente le chiffre des revenus effectifs et permanents de la Turquie, tant dans leur ensemble que par provinces, et aussi rapprochée que possible de l'époque où les obligations à répartir ont pris naissance.

De plus, nous espérons bien qu'ils ne confondront pas des revenus tout à fait passagers, tels que le prix de vente de quelques immeubles avec les revenus réguliers; qu'ils ne mettront pas la redevance militaire à la charge de ceux qui la payaient puisqu'ils ne pourraient pas procéder de même pour la population Ottomane de l'Empire et évaluer en argent la charge de son service militaire; qu'ils ne mettront pas parmi les revenus d'une province des sommes rapportées par des produits appartenant à une autre; qu'ils tiendront compte des manières dissemblables dont les impôts sont constatés et perçus en différentes provinces, ce qui a pour conséquence de représenter sous un faux jour et le chiffre des revenus effectifs de chaque province, et le rapport entre ceux-ci et la totalité des recettes; enfin, qu'ils insisteront pour qu'on leur fournisse officiellement des états exacts et bien vérifiés des revenus constatés de tout l'Empire et de chaque province en particulier, et qu'ensuite ils ne procéderont pas à l'évaluation définitive avant d'entendre aussi en leurs objections les États tenus d'assumer une quote-part de la Dette Publique Turque. Cependant, j'ai cru devoir faire dès à présent les quelques observations que voici sur les chiffres déjà publiés.

D'après le Mémoire de Mr. Vincent les revenus de tout l'Empire s'élèvent à 454,750,000 fr., et ceux des provinces cédées à la Grèce, à 9,107,500 fr.

Je pourrais invoquer des données authentiques pour réduire de 100,000,000 fr. le premier de ces chiffres, mais pour le moment je m'abstiendrai de le faire; quant au second, il me paraît utile de présenter là-dessus quelques observations fondées sur la nature des choses et qui montrent que les revenus attribués à nos nouvelles provinces sont exagérés.

D'après le calcul ci-dessus les revenus en question représenteraient un cinquantième de la totalité des revenus de l'Empire; et pourtant, quelque base que l'on prenne pour calculer, on n'obtiendra qu'un chiffre inférieur à celui-là de plus de la moitié. Considérons donc:—

1. *L'Étendue.*—La superficie de nos nouvelles provinces comprend 13,000 kilom. carrés; ce sont des contrées en majeure partie montagneuses et restées en friche, vu la rareté de la population et la nature marécageuse du sol; elles forment à peine $\frac{4}{1000}$ de l'Empire, dont le territoire mesure 3,170,962 kilom. carrés sans compter l'Égypte.

2. *La Population.*—D'après le recensement officiel elle atteint le chiffre de 293,028; elle constitue donc $\frac{1}{100}$ de la population totale de l'Empire, qui s'élève à 28,291,080, sans compter l'Égypte.

3. *La Situation Financière.*—Tous les centres commerciaux et industriels; toutes les grandes cités populeuses, telles que Constantinople, Smyrne, Salonique, &c., toutes

les terres fécondes en produits de grande valeur; toutes les plantations, et en général toutes les sources de richesse les plus abondantes, où puise le Trésor public de l'Empire; tout cela est resté à la Turquie et profite à une population sur laquelle on fait cependant moins peser la Dette Publique.

Les provinces cédées à la Grèce ne possèdent aucune de ces ressources; elles sont infertiles, peu habitées, dépourvues de plantations, privées de commerce, d'industrie, et de tout moyen de communication. Il n'y a dans ces provinces aucun mouvement maritime, tandis que dans les grands ports de la Turquie d'Europe il entre annuellement plusieurs navires qui importent des marchandises et exportent des produits, dont la valeur s'élève à 50,000,000 fr.; ces bâtiments sont montés par 1,000,000 d'étrangers qui paient des contributions à la Turquie. Indépendamment de ces preuves d'une certitude évidente et pour ainsi dire mathématique, des renseignements détaillés et très dignes de foi que nous avons reçus de Constantinople nous conduisent au même résultat, à savoir: que la Turquie ne retirait annuellement des provinces cédées que la moitié environ du chiffre marqué par Mr. Vincent.

D'après ces renseignements, dont une note analytique est ci-annexée, les perceptions dont il s'agit s'élèvent annuellement à 26,858,002 piastres, soit 5,838,716 fr., y compris la redevance militaire de 2,731,550 piastres.

Ces données sont en conformité de la constatation des revenus des provinces annexées faite pendant la première année financière depuis leur annexion à la Grèce.

En 1882, un système d'imposition y fut appliqué qui était fondé sur la répartition équitable et régulière des impôts, après un contrôle exact et public exercé conformément aux principes consacrés dans tous les États Européens. Il a été constaté ainsi, que les chiffres des revenus de ces provinces est de 5,695,000 fr., chiffre à peu près égal à celui indiqué plus haut et qui peut être regardé avec juste raison comme l'expression exacte de ce que nos nouvelles provinces peuvent fournir au Trésor public.

Ainsi, quant à ce qui regarde la fixation des revenus, notre Ministre à Constantinople peut, quant à présent, s'en tenir à ce qui précède, du moins en attendant que le Gouvernement Ture produise des notes officielles que je me réserve de contrôler.

Dette Publique de la Turquie.

Par un Décret Impérial du 8 Décembre, 1881, la Dette Publique de la Turquie fut convertie et réduite à 106,437,234*l.*, sous la condition que la somme représentée par les titres qui seront produits jusqu'au 1er Février, 1885, sera définitivement reconnue comme dette incontestée.

Toutefois, il faut de cette somme déduire 14,206,000*l.*, fournies par l'emprunt contracté pour les chemins de fer Tures, ceux-ci ne desservant aucune des provinces cédées, et la Grèce n'ayant dès lors pas à participer aux charges qui résultent de cet emprunt, conséquemment la dette à répartir est de 92,231,234*l.*, dont il serait équitable de défalquer encore les sommes dépensées en achat de vaisseaux de guerre, en fortifications, en armements, toutes restées en la possession exclusive du Gouvernement Impérial.

Conclusion, en ce qui concerne les revenus, à tirer de ce qui précède. Quand même le contrôle des Représentants des Puissances ne modifierait pas les chiffres ci-dessus dans uns sens favorable à la Grèce, ainsi que j'en ai l'espoir, et que par conséquent on regarderait la totalité des revenus de la Turquie comme s'élevant à 454,750,000 fr.; et si, d'un autre côté, on ne déduit des revenus de nos nouvelles provinces, consistant, ainsi qu'il a été établi ci-dessus, en 5,838,716 fr. la redevance militaire de 593,815 fr., la quote-part de la Grèce sur la totalité des revenus sera de $\frac{1}{78}$.

En ce qui concerne la Dette Publique de la Turquie, réduite, comme je l'ai dit plus haut, à 92,231,234*l.* dans le cas où l'on n'en déduirait pas les sommes dépensées pour acheter des vaisseaux, &c., la quote-part qui incombera à la Grèce à raison de $\frac{1}{78}$, sera de 1,182,249*l.*, somme dont la Grèce se réservera le droit de demander la réduction en proportion de la somme qui serait définitivement fixée jusqu'au 1er Février, 1885.

Sur la somme qui sera définitivement mise à la charge de la Grèce, nous paierons chaque année, à titre d'amortissement et d'intérêts, une somme proportionnellement égale à la somme nette payée par la Turquie pour le service de sa Dette Publique.

Le Ministre,
(Signé) CH. TRICOUPI.

Inclosure 2 in No. 6.

Revenus perçus par la Turquie dans nos nouvelles Provinces en 1880 et 1881.

	Province de Keldjé.	Province de Pharsale-Tzataldja.	Province de Tricala.	Province d'Emirgé.	Province de Volo.	Province de Larisse, Yéni-Scir.	Province d'Arta.	Total.
	Piastres.	Piastres.	Piastres.	Piastres.	Piastres.	Piastres.	Piastres.	Piastres.
Impôt foncier ("vergbi") ..	622,127	282,025	609,967	120,104	865,568	964,160	31,180	3,495,111
Redevance militaire	577,055	179,593	589,611	65,972	645,194	609,250	65,075	2,731,550
Taxe sur le poisson ("Vali Khané")	..	8,700	9,600	1,030	70,500	11,450	..	101,280
Taxe pour le pacage et le séjour des moutons	5,000	..	..	120,000	45,000	19,050	..	189,050
Dîme pour céréales	1,577,847	1,455,989	1,687,305	185,593	578,523	4,077,269	81,000	9,643,466
,, soie	11,100	1,480	37,000	6,000	121,000	104,020	..	280,500
,, tabac	36,050	16,500	18,600	1,800	1,020	6,550	330	81,450
,, olives	..	..	..	..	50,000	..	3,500	53,500
Écorce d'yeuse	..	..	..	..	10,000	..	..	10,000
Taxe pour coupe de bois ..	6,951	6,951	..	529	11,606	6,241	500	32,778
Impôt sur les moutons, à raison de 44 prs.	1,064,514	503,913	1,214,410	173,780	429,232	1,656,363	84,000	5,126,212
Impôt sur les porcs, à raison de 3 prs.	12,480	3,000	28,000	320	..	6,000	15,300	6,700
Taxes forestières	..	..	..	43	..	6,228	..	6,271
Timbre pour charges de bois et de charbons importés	393	393	..	..	10,000	30,773	..	41,559
Droits payés pour vente d'immeubles	160,000	55,000	45,000	39,500	13,500	182,500	..	435,500
Taxes judiciaires	13,916	18,281	17,838	6,708	15,560	38,756	4,000	115,082
,, pour passeports et theskérés	..	..	..	..	107,017	89,871	..	196,888
Moulinané	9,500	500	1,500	..	..	1,000	..	12,500
Divers	130,689	179,645	16,880	1,833	20,655	25,422	6,700	381,819
Taxes douanières	..	..	..	13,080	1,808,736	..	56,000	1,877,816
	4,168,119	2,712,370	4,275,711	736,292	4,803,111	7,834,843	347,585	24,878,032
Droits perçus dans toutes les provinces ci-dessus d'une manière indirecte—								
Sur le tabac, &c.	..	..	..	..	..	..	..	1,125,710
Sur le sel, &c.	..	..	..	..	..	..	..	399,700
Pour le papier timbré ..	..	..	..	..	..	..	..	202,500
Pour les spiritueux ..	..	..	..	..	..	..	..	252,160
								26,858,102

No. 7.

Sir R. Welby to Lord E. Fitzmaurice.—(Received January 30.)

Sir, *Treasury Chambers, January 30, 1884.*

IN reply to your letter of the 27th ultimo, inclosing copies of despatches which Secretary Earl Granville proposes to address to Her Majesty's Ambassador at Constantinople, and to the Turkish Ambassador at this Court, respecting the application of the Cyprus surplus revenue, I am directed by the Lords Commissioners of Her Majesty's Treasury to request that you will point out to his Lordship that the outstanding balance due to the Consular vote on account of the Synge and Suter ransoms cannot be paid off until the receipt of the Cyprus surplus for 1884; and that the balance proposed to be paid over to the Turkish Government will not therefore be available until the second half of this year (1884).

My Lords request that the draft may be amended in this sense, otherwise they fully concur in the terms thereof; and they see nothing in the correspondence sent with your further letter of the 29th ultimo which would require any alteration in the draft, except perhaps that it might be advisable to add a few words in order to make clear to the Porte that the decision as to the ransoms is final.

The draft despatches are herewith returned.

I have, &c.
(Signed) R. E. WELBY.

No. 8.

Mr. Guedalla to Earl Granville.—(Received February 7.)

My Lord, *12, Talbot Square, Hyde Park, February 4, 1884.*

I BEG to bring under your Lordship's notice the continued default of Greece, Servia, Bulgaria, and Montenegro in complying with the engagements they have

No. 6*.

E *The Earl of Dufferin to Earl Granville.—(Received January 30.)*

(No. 19.)

My Lord, *Constantinople, January 16, 1884.*

BEFORE receiving your Lordship's despatch No. 3 of the 3rd instant, in which you inquire whether there is any prospect of the question of the Bulgarian tribute and the contribute parts of the Ottoman Public Debt to be borne by Greece, Bulgaria, Servia, and Montenegro, being taken into consideration by the Ambassadors of the Powers at Constantinople, I had been in communication both with my Russian and with my French colleagues.

From my conversation with the former I gathered that though he would not be adverse to a discussion of the matter, he is not really authorized to advance beyond the examination of the merest preliminaries. My French colleague, who had also sounded M. de Nelidoff on the subject, believes that if M. de Nelidoff promises to go into the matter with us, it will be merely from a sense of decency, and not with the object of arriving at any practical conclusion; and both M. de Noailles and I are agreed in the opinion that nothing useful can be done at Consantinople until M. Valfrey has gone to St. Petersburgh, and has succeeded in obtaining the sanction of M. de Giers to the serious consideration of the question by his Representative here.

Mr. Caillard left Constantinople yesterday, and as he told me he was to see M. Valfrey at Paris, I strongly advised him to hasten that gentleman's departure for St. Petersburgh.

Under these circumstances, until I hear further from your Lordship, I do not propose calling upon my French colleague to join with me in proposing a réunion of the Ambassadors.

I have, &c.
(Signed) DUFFERIN.

assumed in conformity with the provisions of the Treaty of Berlin of the respective shares in the Turkish Debt devolving upon each of these States, which have received an extension of territory in virtue of said Treaty.

It is now nearly six years since it was signed, and those States still evade fulfilling the obligations laid upon them notwithstanding the valuable property assigned over to them. Several of the principal signatories have already passed away. It has been found that Bulgaria should bear 9·3 per cent. of the debt, Greece 2·002 per cent., Servia 1·98 per cent., and Montenegro 0·093 per cent.

Now, the Turkish Debt, in virtue of the Decree of the 8th (20th) December, 1881, has been reduced to 106,437,234*l.* sterling, so that Bulgaria will have to participate in the debt for 9,898,662*l.*, Greece for 2,130,873*l.*, Servia for 2,107,457*l.*, and Montenegro for 98,986*l.*, viz., for the four States, 14,235,978*l.* nominal of the reduced debt. The participation, at the rate of 1 per cent. for the year, would amount, therefore, to 142,359*l.*

It is known, however, that the financial position of these four States is anything but brilliant, and that it would be difficult for them to fulfil their engagements. On the other hand, a considerable improvement in the revenues assigned to the debt is looked forward to from the introduction of the tobacco Régie in Turkey. Indeed, this improvement will, it is reckoned, allow in course of time of paying 4 per cent. interest on the debt, besides 1 per cent. to the sinking fund. This increase in the revenue would place the four contributive States in an even worse position. Therefore a proposition has been made that they be asked to pay, during a period of twenty-five years, only 2 per cent. on the amount of the nominal capital which devolves upon them, that is to say, 80,000*l.*, and I trust that this equitable proposal will receive the moral support of Her Majesty's Government.

I remain, &c.
(Signed) H. GUEDALLA.

No. 9.

Mr. Caillard to Sir J. Pauncefote.—(Received February 9.)

Dear Sir Julian Pauncefote, *Rawlings' Hotel, Jermyn Street, February* 9, 1884.

I LEAVE herewith the Memorandum which you were kind enough to advise me to write yesterday.

In that Memorandum I have not mentioned anything about a *private* recommendation of M. Valfrey to Sir Edward Thornton, because I thought it would be out of place in me to speak of anything but official support in the Memorandum. But, of course, if Lord Granville should still feel indisposed to have any official steps taken in the matter, a private letter would be of great use. I hope you will excuse my venturing to suggest this.

I cannot, however, help hoping that my Memorandum may induce Lord Granville to change his mind—when he sees that all I really ask is that Sir E. Thornton should confer with M. Valfrey, and, as far as possible, support him in his endeavours to bring matters to a satisfactory conclusion.

With many thanks for your kind advice and interest, I am, &c.,
(Signed) VINCENT H. P. CAILLARD.

P.S.—I take the liberty of adding that, as M. Valfrey is already in St. Petersburgh, and has probably *commenced* negotiations, or will very shortly do so, the question is urgent.

V. H. P. C.

Inclosure in No. 9.

Memorandum on the Mission of M. Valfrey, concerning the Contributive Parts of the Ottoman Public Debt.

IT being presumably of considerable importance that the long-pending question concerning the contributive parts of the Ottoman Public Debt to be borne by Bulgaria, Servia, Montenegro, and Greece, should be finally settled, I would venture to draw attention to the mission on which M. Valfrey, formerly of the French Foreign Office, is now engaged at St. Petersburgh.

It will doubtless be remembered that this gentleman was charged, about four months ago, by the holders of Turkish bonds in France, with the task of endeavouring to bring about an *entente cordiale* between the Great Powers on the subject. He was well aware of the fact that, with the important exception of Russia, such an *entente* was already almost in existence. He, therefore, so arranged matters as to meet M. Giers, whilst on his late foreign tour in Switzerland, there to commence with him some tentative negotiations.

He found M. Giers quite favourably disposed, and received from him a special personal invitation to proceed to St. Petersburgh, in order that the matter might there be discussed in fuller detail. Acting on this invitation, M. Valfrey has now repaired to St. Petersburgh, in the hopes of laying the foundation of a definite arrangement.

I venture to submit that the more support M. Valfrey will receive there, the more probability there will be of any real success attending his endeavours.

He is already supported by the French Foreign Office, M. Ferry having personally promised him all the help in his power. I may also add that the Council of Foreign Bondholders in London entirely shares my views on the subject, and, on my suggestion, has appointed M. Valfrey the official representative of the English bondholders in this matter, as he is already of the French.

I would now further presume to urge that he should be supported, as far as he reasonably may be, by the English Foreign Office.

I am aware that this matter has already been brought to the consideration of the Secretary of State for Foreign Affairs by the English Ambassador at Paris, and that it was then decided that it would not be advisable for the English Government to take any steps in the direction desired; but I submit that the position since then has changed considerably.

At that time M. Valfrey represented French interests alone; he is now, in addition, the official representative of very large English interests; and, on this ground principally, I venture to hope that the Secretary of State for Foreign Affairs may think well to reconsider his former decision.

I have had the advantage of personal interviews with M. Valfrey on the question, and may briefly describe his objects at present as being broadly two:—

1. To obtain the acknowledgment by the Russian Government of a *principle*, on which the estimates of the various contributive parts may be based.

2. To cause instructions to be sent to the Russian Ambassador at Constantinople, not only to take part in the Conference which must be assembled there, but also to spare no efforts to promote a satisfactory solution.

As regards the first point, M. Valfrey is probably right in considering that the Bulgarian tribute will present the greatest difficulties (there being here two distinct questions to be treated), and that, these once surmounted, the remainder of his task will be comparatively easy.

He intends, therefore, to propose, as being the course apparently most logical and most likely of acceptance, that the same principle should be applied in the case of Bulgaria as was applied in the case of Eastern Roumelia, *i.e.*, that the tribute should be assessed at three-tenths of the net revenues of the province. (The question as to how much should be paid as *tribute* into the Treasury of the Porte, and how much to the bondholders, as a share of the Ottoman Public Debt, would form the subject of ulterior discussion.)

If that principle be accepted for Bulgaria, M. Valfrey concludes that there is good reason why it should also be admitted for Greece, Servia, and Montenegro; that is, as I understand it, why the contributive parts of the debt which they are respectively to bear should be assessed at three-tenths of the net revenues of the territories ceded.

The second point needs no comment. It may, however, be interesting to know that M. de Nelidow, about a month ago, expressed himself to one of my colleagues at Constantinople to the effect that he would have no objection to attend a Conference on the subject; but that, in his opinion, such a Conference would lead to no practical result. The second object of M. Valfrey's journey is therefore to have that opinion changed.

I beg to call attention to the fact that M. Valfrey has no wish, as I gathered from his personal explanations to me, to adhere obstinately to the establishment of the "three-tenths" principle. He merely proposes advancing it, as being that most likely to be accepted and apparently most just, there being already a clear precedent. His chief object, however, is to obtain the acceptance of some reasonable principle on which the contributive parts may be fairly based.

In conclusion, I venture to submit that, if by means of M. Valfrey's negotiations the two Powers chiefly interested, England and France, can come to some definite understanding with the Power which has hitherto been the principal impediment, Russia, but little doubt can be entertained as to the successful issue of the ultimate Conference at Constantinople, and a standing injustice, not only to the bondholders, but perhaps more especially to Turkey herself, will be removed; and I would beg, therefore, once more to refer to the favourable consideration of the Secretary of State for Foreign Affairs the question whether it would not be possible for him to request the English Ambassador at St. Petersburgh to confer with M. Valfrey on the subject, and, as far as possible, to support and forward his endeavours to bring the affair to a practical and satisfactory conclusion.

(Signed) VINCENT H. P. CAILLARD.

February 9, 1884.

No. 10.

Lord Ampthill to Earl Granville.—(Received February 11.)

(No. 25. Commercial.)

Berlin, February 7, 1884.

My Lord,

THE "National Zeitung" of the 4th instant states that according to information received from Constantinople an agreement has been arrived at with regard to the conversion of the Turkish Debt, which will be carried out as soon as Government Commissioners are named by the Porte; this nomination, it is expected, will take place immediately.

The "National" further states that M. Valfrey, who is the representative of the Paris banks chiefly interested in the Turkish Debt, as well as of the Dutch and English creditors of the Porte, arrived in Berlin on the 4th instant on his way to St. Petersburgh, and that the object of his journey is to request the Great Powers to bring their influence to bear on the States of the Balkan Peninsula, which have hitherto either negligently fulfilled or entirely ignored their financial obligations with regard to their respective shares in the total of the Turkish Debt.

M. Valfrey has, I understand, been received by the French Ambassador and by Count de Hatzfeldt.

I have, &c.

(Signed) AMPTHILL.

No. 11.

Earl Granville to Musurus Pasha.

Foreign Office, February 12, 1884.

M. l'Ambassadeur,

IN your note of the 1st June your Excellency observed that the calculation of the Turkish Minister of Finance fixed the amounts paid by the British and French Governments up to the 1st February, 1882, on account of the Guaranteed Loan of 1855, at 203,809*l.* 2*s.* 4*d.*, instead of 266,014*l.*, as stated by Her Majesty's Government; and you accordingly requested to be supplied with further information in regard to these payments, and with an explanatory Table of the accumulated surplus of the Cyprus revenues.

I have the honour to explain to your Excellency that the discrepancy between the two amounts arises (primarily) from the difference in the period covered by the account of the Turkish Minister of Finance and that covered by the statement inclosed in my note to your Excellency of the 18th October, 1882, the former commencing on the 1st February, 1880, and terminating on the 1st February, 1882; the latter commencing on the 15th March, 1878, and terminating on the 1st August, 1882. I beg leave to refer your Excellency to the accompanying Table, marked (B),* for a full explanation of this discrepancy.

I have the honour to inclose four other Tables, marked (A), (C), (D), (E),* which I trust will be found to contain all the information required by your Excellency.

Table (A), which has been prepared by the Bank of England, shows the total amounts paid by the Bank on account of the loan in the period from the 1st February,

* See Part III, Inclosures 1-5 in No. 29.

1878, to the 1st August, 1883, with the amounts repaid, and the sources from which the repayments have been made.

Table (C) shows the manner in which Her Majesty's Government have recouped themselves for the advances made by them to the Bank of England up to the 1st August, 1882; and Table (D) gives the accumulated surplus of the Cyprus revenues, with a statement of the manner in which it has been applied.

With regard to the small item of 144*l.* 1*s.* 3*d.* charged in Table (D) against the Cyprus tribute, I have the honour to state that that sum was advanced by the Bank of England in August 1879, as shown in Table (A), on account of dividend due on the 1st of that month, and has not hitherto been repaid by the Turkish Government; it has, however, been repaid to the Bank by Her Majesty's Government, who have charged it against the Cyprus tribute account. The details of this amount will be found in Table (E).

With regard to your Excellency's protest recorded in the note of the 1st June, and repeated in your Excellency's note of the 15th instant, against the application by Her Majesty's Government of a portion of the surplus revenues of Cyprus to the extinction of the debt incurred on account of the ransoms paid for Colonel Synge and Mr Suter, I have the honour to remind your Excellency that the Turkish Government have neither provided the money nor made any proposal on the subject in reply to the note addressed by Her Majesty's Ambassador at Constantinople to Aarifi Pasha on this question on the 10th October, 1881. Lord Dufferin intimated in that note that in default of prompt payment Her Majesty's Government would be compelled to resort to such means as might be at their disposal for recovering the sums advanced by them for the ransoms; and I can but express my regret that no other course should have been left to Her Majesty's Government but to apply the balance of the surplus to the repayment of these advances.

I have, &c.
(Signed) GRANVILLE.

No. 12.

Earl Granville to Sir E. Thornton.

(No. 2.)
(Telegraphic.) *Foreign Office, February* 13, 1884, 4·40 P.M.

M. VALFREY, representing English and French bondholders, is at St. Petersburgh to endeavour to come to an arrangement with Russian Government regarding payments by States to Turkey under Berlin Treaty. Though we do not officially support the bondholders, you may inform M. de Giers that Her Majesty's Government sympathize generally with the object of his visit.

No. 13.

Earl Granville to Sir E. Thornton.

(No. 30. Ext. 2.)
Sir, *Foreign Office, February* 13, 1884.

I INCLOSE copy of a letter and Memorandum which I have received from Mr. V. Caillard, the representative of the Turkish bondholders at Constantinople, relative to the mission of M. Valfrey,* who has gone to St. Petersburgh with a view to induce the Russian Government to take measures for the settlement of the question of the contributions due to Turkey by Bulgaria, Servia, Montenegro, and Greece.

Your Excellency is aware that the claims of the bondholders are not officially supported by Her Majesty's Government, but I authorize you to inform M. de Giers that they sympathize with the object of M. Valfrey's mission.

I am, &c.
(Signed) GRANVILLE.

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* No. 9.

No. 14.

Sir J. Pauncefote to Mr. Guedalla.

Sir, *Foreign Office, February* 15, 1884.

I AM directed by Earl Granville to acknowledge the receipt of your letter of the 4th instant, on the subject of the share of the Ottoman Public Debt to be borne by Greece, Servia, Bulgaria, and Montenegro respectively.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

No. 15.

Earl Granville to the Earl of Dufferin.

(No. 47.)
My Lord, *Foreign Office, February* 15, 1884.

THE Turkish Ambassador, as your Excellency is aware, addressed a note to me on the 1st June, in which he protested against the decision of Her Majesty's Government, communicated to his Excellency on the 18th October, 1882, that they must recover from the balance of the surplus revenues of Cyprus the sums advanced by them for the ransoms of Colonel Synge and Mr. Suter. I have informed Musurus Pasha, in a note of which I inclose a copy,* that there is no other course left to Her Majesty's Government, as the Porte has neither provided the money nor made any proposal on the subject in reply to your Excellency's note to Aarifi Pasha of the 10th October, 1881.

The surplus of Cyprus revenues having been fixed at 92,440*l.* (subject to some small temporary deductions), and the sum of 81,753*l.*, being required for the interest and management of the Guaranteed Loan, there remains a balance of 10,687*l.* Owing, however, to further deductions on account of the ransoms above referred to, the actual balance for the year 1884 will be about 2,585*l.*, and this sum will be at the proper time handed over to the Porte.

Your Excellency will thus perceive that, assuming that the Porte continues to make no provision for the interest of the Guaranteed Loan, the balance due to it in ensuing years will exceed 10,000*l.*

I have, however, to call your attention to an obligation contracted by Turkey towards Great Britain and France which she has for many years failed to discharge.

By Article II of the Convention of 1855 the Porte undertook to provide a sinking fund of 1 per cent. for the gradual extinction of the Guaranteed Loan, but no such provision has been made, and although Her Majesty's Government have hesitated to press this matter in the past, they are not prepared to allow the execution of such an obligation to be indefinitely postponed.

I have accordingly to request your Excellency, whilst informing the Turkish Government of the sum which will be due to it on account of the surplus revenues of Cyprus in 1884, to express the hope that measures will be taken at once to provide a sinking fund in accordance with the stipulation of the Convention of 1855, as it would be a matter of regret to Her Majesty's Government if they were compelled to retain for this purpose the balance of the surplus which may remain in their hands from year to year.

As regards the decision of Her Majesty's Government in the matter of the ransoms for Colonel Synge and Mr. Suter, your Excellency will understand that it is final, and cannot be made the subject of further discussion.

I am, &c.
(Signed) GRANVILLE.

No. 16.

M. Tricoupi to M. Contostavlos.—(Communicated to Earl Granville by Sir P. Arméni, February 20.)

E
(Traduction.) *Athènes, le 30 Décembre,* 1883.

J'AI pris connaissance des deux Rapports que vous m'avez communiqués de notre Ministre à Constantinople; j'en ai conclu qu'en les écrivant il ne connaissait pas

* No. 11.

encore les objections formulées dans mon office du 17 Novembre dernier contre les calculs établis par Mr. Vincent d'abord (dans une publication non-officielle) puis par l'Ambassadeur d'Angleterre (semi-officiellement), puis enfin par le Gouvernement Turc lui-même (officiellement).

Si M. Coundourioti avait eu connaissance des susdites objections il aurait parlé sans nul doute de la manière dont elles ont été appréciées par les Représentants des Puissances et par le Gouvernement Turc lui-même.

Comme j'avais fait remarquer dans mon office susmentionné, le Traité du 2 Juillet, 1881, entre la Grèce et la Turquie, a chargé les Ambassadeurs des Puissances à Constantinople d'une opération purement arithmétique, puisqu'il détermine les conditions d'après lesquelles ils doivent régler la portion qui revient à la Grèce de la Dette Ottomane. Ces conditions sont représentées par les revenus que la Porte tirait des provinces cédées, comparés à la totalité des revenus de l'Empire et à la totalité de sa dette, choses dont les éléments doivent être officiellement recherchés à leurs sources, puis être vérifiés et communiqués aux intéressés pour qu'ils puissent, s'il y a lieu, justifier du contraire.

Peut-être ce but serait-il plus sûrement atteint par la nomination de comptables spéciaux désignés par les intéressés et les Représentants des Puissances, qui ont tout intérêt à appuyer leur décision sur des données sûres et indiscutables, afin qu'elle soit équitable et s'impose avec toute l'autorité désirable.

De pareilles mesures ne sont pas nécessaires dans des pays où la gestion des deniers publics se fait régulièrement et au grand jour de la publicité : là les recettes comme les dépenses sont consignées avec détail dans diverses publications Gouvernementales, et chaque intéressé peut y puiser des informations sans être obligé de recourir aux bureaux des Administrations publiques.

Mais en Turquie aucun budget, aucun compte de gestion ne sont officiellement publiés, puis, à cause de l'absence de contrôle et d'un système d'imposition, les chiffres officiels même demandent à être soigneusement vérifiés ; ainsi tout renseignement se rapportant à la question qui nous occupe est sans force probante, tant qu'il n'a pas été exactement et sévèrement contrôlé.

Devançant ce travail indispensable, une Société privée s'est hâtée de publier certains comptes approximatifs, généraux et dépourvus de toute authenticité. Elle y essaya d'indiquer une somme assez grosse comme moyenne des revenus de l'Empire Ottoman, se rapportant à une période d'années quelconque ; puis d'autres sommes énormes supputées, d'après je ne sais quelle méthode inconnue, comme provenant des districts cédés ; elle essaya, en outre, de représenter la totalité de la Dette Publique de la Turquie comme grevant dans des proportions égales les contrées cédées aux quatre États, et celles qui restent encore aujourd'hui sous la domination du Sultan, et, enfin, on recommande une combinaison financière en vue de l'extinction de la dette, combinaison qui n'a d'autre but que d'accroître les ressources de la susdite Société elle-même.

Ces calculs et ce mode de paiement de la dette ont été recommandés à la Porte par l'Ambassadeur d'Angleterre comme point de départ des négociations à entamer. En faisant cette démarche l'Ambassadeur avait sous les yeux le Rapport du Directeur d'un grand établissement de crédit, appelé, à raison de ses connaissances spéciales, à donner son avis; dans ce Rapport, la supputation des revenus de la Turquie, dans leur ensemble ainsi que partiellement, est faite, sauf pour un seul district, d'une manière fort exagérée : les perceptions sont en fait bien inférieures aux prévisions de Mr. Vincent ; de plus, pendant l'année 1292, pour laquelle il prenait des notes, les perceptions n'ont pas excédé 14,073,129*l.*, soit 4,000,000*l.* en moins du chiffre marqué par Mr. Vincent.

La Sublime Porte répondant aux évaluations approximatives de l'Ambassadeur d'Angleterre qui supposait les revenus annuels de la Turquie s'élevant à 18,190,000*l.* et la totalité de sa Dette Publique grevant par portions égales les provinces qu'elle a gardées et celles qu'elle a cédées aux quatre États, s'est tue au sujet des chiffres, ainsi qu'il fallait s'y attendre ; et puisque réciproquement on exagérait elle proposa un autre mode de paiement que je regarde comme le plus équitable et le plus simple.

Le moment n'est pas venu de discuter ce mode du paiement. Il ne s'agit aujourd'hui que d'établir le *quantum* de la dette Turque, à laquelle participera la Grèce, et des revenus effectifs de l'Empire, ainsi que des provinces qui nous ont été cédées, d'après lesquels on réglera notre part contributive.

J'ai porté ma plus sérieuse attention sur ce sujet bien avant de connaître les démarches faites par l'Angleterre auprès de la Porte ; j'ai recueilli des informations très exactes et très détaillées que je vous ai communiquées par mon office du 17 Novembre.

J'ai établi que les revenus que la Turquie tirait des provinces qu'elle nous a cédées s'élevaient à 5,838,716 fr., y compris 682,887 fr. perçus à titre de redevance militaire, et qu'il serait injuste de mettre à la charge des provinces Chrétiennes exclusivement, pour en exonérer les autres. J'ai marqué par catégories et par provinces les revenus perçus, tels qu'ils sont consignés sur les registres publics de la Turquie. Si donc on nous objecte quelque inexactitude, nous sommes en droit de demander qu'elle soit relevée avec la même précision.

En ce qui concerne le *quantum* de la Dette Publique de la Turquie, il est juste, je le répète, qu'on en déduise une somme proportionnée à l'étendue du territoire retranché de la Turquie depuis que chaque emprunt a été contracté. Il est absolument indispensable que dans les charges pécuniaires à partager ne soit pas compris l'emprunt spécial contracté en vue des chemins de fer de la Roumélie ; ou bien, il faudrait que nous en fussions reconnus copropriétaires pour une part proportionnée à la dette que l'on mettrait à notre charge.

D'après mes calculs sommaires du 17 Novembre, la Grèce pouvait tout au plus participer à la Dette Publique de la Turquie pour une somme de 1,182,000*l.*, dont il faudrait encore défalquer d'autres sommes importantes, comme j'en ai pleinement justifié dans mon susdit office.

La Grèce forte de son droit persiste en ses déclarations, convaincue que les Puissances qui ont offert leur précieuse médiation tiennent avant tout à ce que pleine et entière justice soit rendue aux intéressés, et ce en connaissance de cause. D'ailleurs la Grèce peut raisonnablement espérer que les Puissances songeront à la lourde charge que lui a fait assumer l'annexion de provinces privées de toute assistance gouvernementale et se trouvant dans un état tout à fait primitif, et aux grandes dépenses que nécessitent la garde de frontières sans défense, et le maintien de l'ordre et de la sécurité indispensables à tous, et qui ont été le premier effet manifeste de l'établissement de l'administration Hellénique.

Nous ne pouvons donc douter que les Représentants des Puissances, prenant connaissance de nos justes observations, ne les apprécient comme elles doivent l'être et n'insistent pour que l'on prépare convenablement les éléments sur lesquels ils vont baser leur décision.

Nous admettons en principe le mode de paiement proposé par la Turquie, mais en nous réservant d'en discuter les détails en temps opportun.

Je vous prie, en terminant, de vouloir bien donner communication de mon présent office à nos Ministres à Constantinople et dans les autres capitales, afin qu'il serve de complément à mon office précédent.

(Signé) CH. TRICOUPI.

No. 17.

E *Sir E. Thornton to Earl Granville.*—(*Received February* 25.)

(No. 38.)

St. Petersburgh, February 18, 1884.

My Lord,

M. VALFREY has been at St. Petersburgh for some days past on behalf of the English and French bondholders of the Turkish Debt. On his arrival here he had an interview with M. de Giers, and after a short conversation was referred by his Excellency to M. Zinovieff, the Chief of the Asiatic Department.

M. Valfrey suggested, in the first place, that the Imperial Government should address to the Bulgarian Government a strong representation, urging them to take into their serious consideration the stipulations contained in the Treaty of Berlin with regard to the portion of the Turkish Debt to be borne, and the tribute to be paid, by Bulgaria. M. Valfrey wished to have come to an agreement with M. de Giers as to the amount for which it might be thought equitable that Bulgaria should be liable on these two heads, and that the Russian Agent at Sophia should be instructed to state that in the opinion of the Imperial Government the sum named was a fair estimate of what Bulgaria ought to pay.

But M. de Giers declined to give more than a general recommendation that the matter should receive the early consideration of the Bulgarian Government.

After some negotiation, however, with M. Zinovieff, the following points were

agreed upon between him and M. Valfrey, and were subsequently confirmed by M. de Giers:—

1. That in principle the Russian Government will not refuse to concur in a Conference of the Ambassadors at Constantinople for the consideration of the amount of the Turkish Debt to be borne, and of the tribute to be paid by Bulgaria.

2. The Russian Government make no claim upon the Bulgarian tribute.

3. The Russian Government cannot pronounce upon the question of the obligations of Bulgaria before obtaining her views upon the subject. But they are prepared to communicate at Sophia the Memorandum prepared by Mr. Vincent, and to invite the Principality not to postpone the examination of the pending questions, but to take advantage of the conciliatory disposition of the bondholders.

4. The answer of the Bulgarian Government shall be transmitted to the representative of the bondholders at Paris through the Russian Embassy in France.

5. M. de Giers will not refuse to inform the French Ambassador of the result of his conversations with M. Valfrey.

The latter expresses himself well satisfied with the assurances he has obtained from the Imperial Government, and believes that within a fortnight a representation of the nature above mentioned will be made to the Bulgarian Government by the Russian Agent at Sophia.

M. Valfrey intends to leave this to-morrow for Berlin, and to proceed subsequently to Vienna. He believes that both the German and Austrian Governments, particulary the latter, will meet his views, and he hopes to induce them, as well as the French, Italian, and British Governments, to make a similar representation, more or less simultaneously with that of the Russian Agent, to the Bulgarian Government.

He requested me to convey to your Lordship his grateful appreciation of the unofficial assistance which you had authorized me to afford him, and to express his hope that you would, upon consideration, feel justified in causing a communication to be made to the Bulgarian Government, even if it were no more than a recommendation to take Mr. Vincent's Memorandum as a basis for the consideration of the questions at issue.

M. Valfrey expressed his opinion that when the proper time shall have arrived, and the answer from the Bulgarian Government shall have been received, the most advantageous mode of procedure would be that the English and French bondholders should make a careful examination of all the data they could obtain, and should agree upon the amount which might appear to them equitable of the debt and tribute to be borne by Bulgaria. They should then submit their statement to Her Majesty's and the French Governments, and if they should consider it to be a fair and equitable estimate, they should express their hope that the two Governments would submit it to the Conference of the Ambassadors at Constantinople, and would give it their firm support.

I have, &c.
(Signed) EDWD. THORNTON.

No. 18.

The Earl of Dufferin to Earl Granville.—(*Received February 27.*)

(No. 62.)
My Lord, *Constantinople, February* 21, 1881.

I HAVE the honour to transmit to your Lordship two documents as marked in the margin,* which explain the view taken by the Greek Government of the share which Greece should bear of the Ottoman Public Debt in consequence of the cession to her of certain Turkish provinces under the Convention of the 20th June, 1881.

In the first of these the Hellenic Minister of Finance begins by pointing out that as the Turkish Government has made no official statement on the subject, Mr. Vincent's Memorandum may be considered, in view of the official position held at Constantinople by its author, to have such a semi-official character as to warrant its being taken as a basis for discussion, pending the receipt of a formal communication from the Turkish Government.

The Treaty of the 20th June, 1881, declares that Greece must contribute to the Ottoman Public Debt in proportion to the amount of revenue obtained from the ceded provinces; but it omits to specify two important conditions:—

* See Inclosure 1 in No. 6; and No. 10.

1. The period which should be selected as the proper one for fixing the average revenue of the ceded provinces.

2. The method to be adopted for proving the accuracy of the revenue returns.

The following are the reasons given by the Greek Government in proof of the importance as well as of the difficulty of coming to an equitable decision on the above points. They may be briefly enumerated as follows:—

1. The fluctuation of the Turkish revenue from year to year, which renders it difficult to select the revenue of any particular period, as possessing a fairly representative character. The receipts of 1874, for example, exceeded those of 1873 by 84,000,000 fr., and fell short of those of 1875 by 51,000,000 fr.

2. In some districts the taxes were collected by the Government, who paid all expenses of collection, &c.; in others they were farmed out to individuals who deducted the probable cost of collection, and added a large profit for themselves to the gross amount fixed upon.

3. The taxes were paid in Treasury bonds, which have considerably diminished in value.

4. Since the creation of the Turkish loans, the Ottoman Empire has diminished in extent and lost in revenue, but the severed portions, Egypt, Roumania, Servia, and Montenegro, have borne no share of the loans.

5. Goods passing through ceded ports into Ottoman interior provinces will in future no longer pay import taxes, as heretofore, at those ports, and a loss of revenue will consequently fall upon their respective districts.

6. The purchase-money of State property alienated during the last few years, although it figures as part of the Turkish revenue, cannot be considered as such in calculating the revenues of the ceded districts.

7. The military tax, paid by Christians, figures among the Turkish receipts, but it cannot obviously be counted as forming part of the revenues of the ceded provinces.

The Greek Government trusts that the above points may be taken into consideration by the Representatives of the Great Powers when they select the period which they consider affords the most equitable basis for fixing the amount of the ceded provinces' average revenue, and he further suggests that the period chosen shall be as near as possible to the date of the contraction of the loans.

They also trust that the Representatives of the Great Powers will not fall into the following errors:—

(*a.*) That of mixing up permanent with temporary revenues.

(*b.*) That of including as revenues of one province, income derived from the produce of another.

(*c.*) Or of omitting to take into account the different systems of taxation existing in different provinces.

(*d.*) Or of omitting to insist upon being furnished with properly authenticated official returns of the revenues of the Empire in general, and of the provinces in particular.

(*e.*) And, finally, he trusts that they will come to no decision without hearing the views of the four interested countries.

In the meanwhile the Greek Government desires to make the following observations on such returns as have already been published.

According to Mr. Vincent the revenue of the Turkish Empire amounts to nearly 455,000,000 fr., and that of the provinces ceded to Greece to a little over 9,000,000 fr.

Granting for the sake of argument, but without prejudice, that the first statement is correct, it is argued in the inclosed papers that the second is considerably exaggerated.

If, it is said, Mr. Vincent's figures are correct, then the revenues of the Greek ceded provinces represent one-fiftieth part of the whole revenue of the Turkish Empire.

The following arguments are adduced to prove that the above statement is a gross exaggeration:—

1. The area of the ceded provinces, as compared with that of the whole Empire, which according to the calculations made by him would amount to about a 250th part of the total extent of the Empire without counting Egypt.

2. On the number of the inhabitants of the ceded provinces which, according to the figures furnished by the Greek Government, forms but a 100th part of the whole population of the Empire, inclusive of Egypt.

Attention is also drawn to the fact that the ceded provinces are barren, marshy,

and unfertile, that they possess no rich towns or thriving sea-ports, and that for all these reasons, they are utterly incapable of supporting so large a share of the Ottoman Debt as would fall to their lot were Mr. Vincent's figures accepted as correct.

Detailed Returns are given to prove that the revenues of the ceded provinces during the first financial year after their annexation of Greece fell short of 6,000,000 fr.

The question of the Ottoman Public Debt, which, it is stated, amounts to nearly 106,500,000*l.* is then examined; from this sum must, he says, be deducted in round numbers 14,000,000*l.*, representing the cost of Turkish railways, none of which benefit the ceded provinces, thus leaving some 92,000,000*l.* as the Public Debt of which Greece may be expected to take her proportionate share, and even from this sum there are other amounts which the Greek Government maintains should also be deducted, such as the purchase of ships of war, the cost of fortifications, &c.

The conclusion arrived at is that the share of the Ottoman Debt which should fall to the lot of Greece cannot, at the outside, exceed the sum of 1,182,000 fr.; and Greece is said to be prepared to pay, by way of interest, and of a sinking fund on the capital amount which may be definitively fixed, a sum proportionately equal to the net amount paid by Turkey for the service of the Public Debt.

In another Report upon the same subject, dated the 30th December, 1883, it is suggested that special accountants should be appointed, in order to verify the Returns of the revenues as well as of the debt of the Ottoman Empire, as no trustworthy official Budget is published.

The Greek Minister of Finance protests against some Returns which have been published by a certain private Company, whom he does not name, as being very incorrect, and having only for object some private advantage for the Company itself.

Objections are also raised to the figures which the British Embassy has recommended to the Porte as forming an equitable basis for coming to an agreement as to Greece's share of the Ottoman Debt.

The Greek Government maintains that the first step is to ascertain accurately and beyond all dispute the amount of the Public Debt of Turkey and of its revenues, as well as those of the ceded provinces. They point out that, on their side, they have furnished all the information they can obtain, and that if the Porte objects to their conclusions, it rests with them to point out in which of the details they have been inaccurate and to refute their arguments.

I have, &c.
(Signed) DUFFERIN.

No. 19.

The Earl of Dufferin to Earl Granville.—(*Received February 27.*)

(No. 64. Confidential.)

My Lord, *Constantinople, February 23, 1884.*

YOUR Lordship is aware that the conversion of the Ottoman Public Debt, as provided by Article 8 of the Decree of the 8th (20th) December, 1881, was decided upon after prolonged negotiations between the Ottoman Minister of Finance and the Council of the Administration of the Public Debt. The proposed conversion was confirmed by Imperial Iradé, and the form of the new bonds was fixed upon about eight months ago.

A series of coupons is attached to each of the new bonds, the first of which will fall due on the 1st (13th) March, 1884.

The printing of these bonds was executed with the greatest dispatch and at considerable pecuniary sacrifice, so as to allow of the exchange being made on the 1st (13th) March, 1884, simultaneously with the payment of the first coupon. The bonds, however, are not yet complete, as the signature of the Ottoman Delegate is still wanting.

For the last two months the Council of the Administration of the Public Debt has been pressing the Sublime Porte to appoint their Delegate, and, after considerable delay, Bedros Effendi was designated for the post by the Minister of Finance. His appointment, however, has not yet been confirmed by the Sublime Porte.

This dilatoriness on the part of the Ottoman Government may, perhaps, be merely due to the usual delay caused by administrative routine; but it may also be attributed to the desire of the Sublime Porte to furnish the Delegate with detailed instructions which have not yet been fully elaborated.

The Council of the Administration of the Public Debt has decided that the payment of interest at the rate of ½ per cent. on the 1st (13th) March next shall be made on the presentation of the first coupon of the new converted bonds, and I understand that a notice to that effect will be shortly issued.

If, therefore, owing to the absence of the Ottoman Delegate, the new bonds are not ready for exchange with the old on the 1st (13th) March, the payment of the interest due on that date will have to be deferred.

Any such delay would be a matter of considerable regret, and would have a very bad effect on the value of Ottoman stock and on the credit of the Government in general.

The public would lose sight of the fact that the funds necessary for the payment of the interest due on the 1st (13th) March are forthcoming, and the fact of its not being paid at the appointed date would cause considerable alarm.

This bad effect might easily have been avoided had the Sublime Porte been less dilatory in the appointment of its Delegate.

Should no arrangement in regard to the above appointment be concluded before the 1st (13th) March, I am informed that it may be possible to find a *modus vivendi* by payment on the old coupon, though it appears that the Delegate of the foreign bondholders will be very loth to be compelled to adopt such a course.

I have, &c.
(Signed) DUFFERIN.

No. 20.

Papers communicated to Earl Granville by Mr. Bouverie, February 27.

(1.)

(Confidentiel.) *M. Valfrey to Mr. Bouverie.*

E

M. le Président, *St. Pétersbourg, le 16 Février*, 1884.

APRÈS cinq ou six jours de pourparlers assez compliqués et assez laborieux, j'arrive au terme des négociations que j'étais venu poursuivre ici. Il me reste à vous en adresser un résumé aussi substantiel et aussi complet que possible, et c'est là l'objet du rapport qui va suivre.

Après avoir été présenté régulièrement par M. l'Ambassadeur de France au Ministre des Affaires Étrangères de Russie, et recommandé à ce dernier dans les formes les plus bienveillantes, je me suis trouvé en présence du Directeur des Affaires Asiatiques du Département, M. Zinoview, avec qui je suis entré immédiatement en discussions.

J'ai exposé d'abord à M. Zinoview le but de ma mission, les encouragements précieux que j'avais reçu de M. de Giers à Montreux à la fin du mois de Novembre, 1883, puis abordant le fond même du débat, j'ai demandé à mon interlocuteur si le Gouvernement Impérial était prêt à laisser porter, le cas échéant, devant une Conférence Européenne, la question du tribut et des parts contributives que le Traité de Berlin a mis à la charge des provinces détachées de la Turquie, et notamment de la Principauté de Bulgarie. M. Zinoview m'a répondu sans aucune espèce d'hésitation: "Nous ne mettrons pas opposition à la réunion d'une Conférence, mais je vais en même temps bien préciser dans quel esprit. Nous comptons y participer. La Bulgarie a été constitué avec notre sang et notre argent: nous voulons qu'elle vive. De plus, la Bulgarie représente le groupe de population qui a été le plus maltraité par le Traité de Berlin: nous soutiendrons donc résolument les intérêts de la Principauté devant une Conférence, et nous ferons tous nos efforts pour faire disparaître ce qu'il y a d'exagéré dans les obligations qui lui ont été imposées."

Ce premier point épuisé, j'ai abordé le second: "Avez-vous," ai-je dit, "l'intention de vous approprier le tribut Bulgare lorsqu'il aura été fixé pour rentrer dans les avances pécuniaires que vous avez pu faire, à divers titres, à la Principauté?" M. Zinoview m'a déclaré, en termes catégoriques et absolus, que le Gouvernement n'avait aucune intention de ce genre, le tribut de la Bulgarie devant appartenir en toute propriété à la Puissance Suzeraine.

Nous sommes arrivés ainsi, et presque sans difficulté, jusqu'au troisième point, qui

était le plus délicat et le plus compliqué. La Russie donnant aujourd'hui son assentiment au principe d'une Conférence, après avoir refusé l'année dernière d'entrer dans aucune suggestion de cette nature; la Russie garantissant à la Porte la libre disposition du tribut Bulgare, le moment paraissait opportun, selon moi, non pas pour fixer le chiffre des obligations qui incombent à la Principauté sous divers chefs, mais pour rechercher officieusement sur quelle base ce chiffre pourrait être équitablement établi. Je savais pour ma part, ai-je ajouté, que la Bulgarie devait être une des provinces les plus riches et les plus populeuses de la Turquie; il faut donc qu'elle se résigne à payer son autonomie un peu cher, d'abord parce que, je le répète, la Principauté a des ressources, et ensuite parce que le principe en vertu duquel les Puissances la taxeront servira de règle pour déterminer les charges des provinces Turques réunies à des États Souverains comme la Grèce, la Servie, et le Monténégro. Si nous étions amenés à faire à la Bulgarie des concessions trop étendues, nous nous interdirions tout moyen d'obtenir des autres débiteurs de la Turquie un sacrifice équitable pour l'acquittement de leur dette.

M. Zinoview a refusé péremptoirement de me suivre sur ce terrain. "Il ne nous appartient pas," a-t-il déclaré, "de déterminer à St.-Pétersbourg, ni le montant pécuniaire des obligations de la Bulgarie, ni le principe sur lequel il conviendrait de l'établir. Nous savons seulement que les recettes budgétaires de la Bulgarie sont évaluées pour l'Exercice 1884 à 30,000,000 fr. en chiffres ronds, sur lesquels les dépenses militaires exigent plus de 10,000,000 fr. Nous savons, en outre, que la Principauté a à faire face dès à présent à des dépenses extraordinaires considérables occasionnées, les unes par le rachat, au prix de 50,000,000 fr., du Chemin de Fer de Roustchouk-Varna, les autres par la construction de la ligne qui est appelée à traverser le sud de la Principauté et à la relier au réseau Serbe et Ottoman. Je vous donnerais donc le conseil d'aller à Sophia et de traiter avec les Bulgares eux-mêmes. C'est seulement auprès d'eux que vous avez les moyens de vous édifier sur leur situation financière et ses disponibilités!"

J'ai décliné avec force cet expédient; "Le Budget Bulgare tel que vous me le résumez," ai-je expliqué, "me paraît un Budget essentiellement provisoire. Si les Bulgares sont dignes de l'avenir politique qu'on leur a fait entrevoir, ils doivent se préparer à supporter prochainement plus de 19 fr. d'impôt par tête. Vous sentez aussi que les dépenses militaires ne sauraient y absorber bien longtemps le tiers des revenus de l'État. Quant à me rendre à Sophia d'après votre conseil, ce ne serait ni convenable, ni pratique. La Bulgarie est débitrice non pas envers les créanciers de l'Empire Ottoman, mais envers la Porte elle-même: or, celle-ci ne m'a donné, ni de près ni de loin, aucune espèce de mandat, et je ferais courir aux intérêts dont je suis chargé les plus grands périls si je me substituais ainsi de ma propre autorité au Gouvernement Turc pour le réglement d'une question qui ne relève pas de ma compétence. Je fais des efforts en ce moment auprès de vous et ailleurs pour provoquer en notre faveur les sympathies des Puissances Signataires du Traité de Berlin; mais si je demande un jugement exécutoire contre des débiteurs peu pressés de s'acquitter, je n'ai pas qualité pour le rendre."

M. Zinoview a bien voulu reconnaître ce qu'il y avait de fondé dans mes observations et alors il m'a proposé une autre combinaison, qui consisterait à charger le Gouvernement Russe de présenter nos réclamations et nos instances au Gouvernement Bulgare.

Le Mémoire de Mr. Vincent, ancien Président du Conseil de la Dette à Constantinople, Mémoire que le Cabinet de Londres a communiqué déjà officieusement à la Porte, serait transmis à Sophia par les soins de la diplomatie Russe, et recommandé à l'examen du Ministre de la Principauté comme le point de départ de la discussion que nous demandons.

J'ai accepté sans répugnance cette offre courtoise. Au milieu de la multiplicité des éléments qui compliquent la question, j'ai pensé qu'il n'était pas indifférent de voir le Gouvernement Russe prendre l'initiative d'une demande aussi caractéristique auprès des Bulgares et ouvrir lui-même à ses protégés les perspectives peu agréables d'un réglement de comptes à plus ou moins brève échéance.

A partir de la Conférence dont je viens de vous exposer la marche, il n'y avait plus qu'à préciser, et, à cet effet, j'ai sollicité une nouvelle audience du Ministre des Affaires Étrangères.

Dans la conversation que nous avons eu ensemble le 19 courant les points suivants ont été établis:—

1. En principe, le Gouvernement Russe ne s'opposera pas à la réunion d'une Conférence des Ambassadeurs à Constantinople.

2. Le Gouvernement Impérial ne revendiquera pas le tribut Bulgare.

3. Le Gouvernement Impérial Russe se trouvant, quant au présent, dans l'impossibilité de se prononcer sur la question des obligations qui devaient peser sur la Bulgarie, en vertu du Traité de Berlin, avant d'avoir recueilli l'avis du Gouvernement Bulgare sur la question, le projet Vincent sera communiqué à titre confidentiel au Gouvernement Bulgare pour servir de point de départ à la discussion. Puis, l'Agent du Gouvernement Impérial à Sophia sera chargé de faire comprendre au Gouvernement Bulgare qu'il ne saurait différer trop longtemps les négociations et qu'il doit profiter des dispositions conciliantes des bondholders.

4. La réponse du Gouvernement Bulgare sera communiquée au représentant des bondholders par l'intermédiaire de l'Ambassade Impériale de Russie à Paris.

5. Son Excellence M. de Giers ne se refusera pas à donner connaissance de ces pourparlers (ceux de Saint-Pétersbourg) à M. l'Ambassadeur de France.

Tel est, M. le Président, le résumé fidèle des négociations que j'ai conduites ici. Au milieu de toutes leurs simuosités, ce qui nous divise, les amis des Bulgares et nous, ce n'est plus le principe, c'est le chiffre du tribut et de la part contributive qui sont dus par la Principauté. Le Gouvernement Russe m'a laissé entendre qu'il trouvait excessive l'avance qu'on nous a fait de £ T. 100,000 inscrite dans notre arrangement de 1881. Il estime, d'un autre côté, que les calculs de Mr. Vincent sur la part contributive de la Bulgarie sont trop élevés, et il entend qu'on en défalque tout au moins les dépenses nécessitées par le rachat de la ligne Roustchouk-Varna et la construction de la ligne méridionale de la Principauté. Nous ne saurions quant à nous souscrire à aucune diminution sur l'avance que nous encaissons du premier chef, et cependant nous n'avons pas d'intérêt à ce que dans la somme qui nous sera allouée pour tribut et part contributive de la Bulgarie, la portion afférente au tribut soit la plus considérable. Nous mettrions ainsi une fraction importante de notre actif à la merci du premier mouvement qui pouvait se produire dans les Balkans.

En tenant compte de toutes ces observations, il s'agit donc de rendre la Conférence pratique et par conséquent d'arrêter, avant sa réunion, un chiffre raisonnable représentant les obligations de la Bulgarie, puis ce chiffre posé, de le faire accepter par l'Europe. Mon sentiment est que le Syndicat de Paris et le Comité de Londres devraient se mettre d'accord sur ce sujet après études séparées. Notre chiffre trouvé, nous aurions à le soumettre à nos Gouvernements respectifs qui seront nos défenseurs naturels avant la Conférence, et à se faire agréer par eux. Leur entente réalisée et se traduisant plus tard par une action commune serait d'un grand poids sur la marche des délibérations. Elle entraînerait les hésitations et les timidités voulues de quelques-uns, elle triompherait du mauvais vouloir des autres, comme nous l'avons vu sur le terrain de nos libres efforts en 1881. Car enfin, ici, notre initiative privée a ses limites. Nous pouvons préparer les voies, et pour emprunter une comparaison du climat de ce pays, enlever la neige qui empêche le train de glisser sur les rails, mais nous ne sommes pas maîtres de conclure et de faire exécuter. En un mot, créanciers et débiteurs, nous relevons tous d'une même autorité, qui est l'Europe contractante du Traité de Berlin.

Veuillez, &c.
(Signé) J. VALFREY.

(2.)

M. Valfrey to Mr. Bouverie.

E

Mon cher Mr. Bouverie, *St. Pétersbourg, le 18 Février*, 1884.

J'AI pris connaissance hier soir de votre télégramme m'annonçant que Sir E. Thornton a reçu pour instructions de m'appuyer officieusement: les nécessités des choses m'avaient amené à voir antérieurement votre Ambassadeur. Je l'ai tenu au courant de la marche de nos négociations et je le reverrai encore avant mon départ de Pétersbourg. Mais dans la phase un peu délicate que traversent nos affaires je n'ai pas jugé à propos de le mettre d'une façon trop directe en campagne. Je me suis trouvé aux prises avec de grandes susceptibilités et j'ai dû en tenir compte.

Comme vous le verrez par le Rapport officiel qui part pour Londres par ce courrier, le Gouvernement Russe, après m'avoir donné satisfaction sur les principes, a refusé de s'engager sur le terrain des chiffres avant d'avoir pris l'avis des Bulgares. Il va donc les provoquer à une entente avec nous. J'ai pensé que c'était bien quelque chose de nouveau et de substantiel que de voir le Gouvernement Russe accepter pour point de

départ de la discussion demandée par nous le projet de l'honorable Mr. Vincent et le recommander au sérieux examen du Cabinet de Sophia.

Mais pour que la démarche diplomatique dont la Russie va prendre l'initiative produise tous ses effets j'estime qu'elle doit être appuyée par une démarche analogue des autres Gouvernements. Dans ce but je me propose de faire appel ici aux Ambassadeurs des Puissances; j'ai vu hier M. Greppi qui m'a promis son concours dans les termes les plus chaleureux. Je verrai dès aujourd'hui l'Ambassadeur d'Autriche et peut-être celui d'Allemagne. Enfin, Sir E. Thornton me recevra de nouveau Lundi matin.

Je quitte Mardi, le 19, St.-Pétersbourg, où je n'ai plus rien à faire avant l'arrivée de la réponse des Bulgares, qui me sera transmise à Paris. Cette réponse une fois donnée nous aurons à voir s'il convient de provoquer de suite le remède d'une Conférence, ou s'il vaut mieux discuter les propositions des Bulgares officieusement et nous mettre d'accord, vous et nous, sur des chiffres que nous recommanderions à nos Gouvernements, lesquels sont nos défenseurs nés dans la Conférence. Pour le moment, ne pensez-vous pas que vous devez borner vos efforts à obtenir de Lord Granville qu'il fasse faire à Sophia, par votre Agent Diplomatique, des représentations amicales sur la nécessité d'arriver à une prompte exécution de l'Article 9 du Traité de Berlin?

Nous sommes encore très certainement bien loin du but, mon cher Président; il me semble néanmoins que nous sommes cette fois dans la bonne voie. On nous impose une halte que nous n'avons pas prévue: pour parler plus clairement, le Gouvernement Russe craindrait de froisser les Bulgares en paraissant se substituer à eux pour la discussion des charges qui pèsent sur la Principauté. Mais l'essentiel est qu'il soit animé de sentiments équitables et conciliants—l'essentiel surtout est que l'Europe soit assez unie pour lui forcer la main et couvrir sa retraite.

Je rendrai compte à Berlin de ces négociations. Mais d'ici là et là même j'aurai de nouveaux rapports à vous adresser. Vous trouverez dans chacun d'eux le même désir d'être utile aux intérêts dont vous avez la direction et la même volonté de vous témoigner personnellement mon estime, ma reconnaissance, et mon affection.

(Signé) J. VALFREY.

P.S.—Mon écriture étant détestable j'ai dû recourir à celle de mon secrétaire, que vous lirez mieux.

J. V.

(3.)

M. Valfrey to Mr. Bouverie.

E

M. le Président, *Berlin, le 22 Février*, 1884.

LE temps m'a manqué à Pétersbourg pour vous rendre compte des négociations que j'y ai entamées avec les Ambassadeurs des Puissances Signataires du Traité de Berlin, après entente avec le Gouvernement Russe sur les cinq points qui ont fait l'objet de mon Rapport du 16 courant. Je profite des premiers instants de loisir que me laisse mon voyage pour combler cette lacune.

J'ai commencé mes visites par M. l'Ambassadeur d'Angleterre à Saint-Pétersbourg. Ma qualité de représentant attitré des intérêts Anglais au cours de ces négociations, autant que l'appui officieux donné par le Cabinet de Londres à ma mission, me faisaient un devoir d'exposer dans tous leurs détails, à Sir Edward Thornton, la marche et le résultat de mes pourparlers.

Son Excellence a bien voulu ne pas refuser son approbation à mes efforts, et constater avec moi qu'ils n'avaient point été sans résultats fort appréciables. J'ai exposé alors à M. l'Ambassadeur d'Angleterre l'intérêt qu'il y aurait à ce que le Cabinet de Londres, avant la réunion d'une Conférence acceptée en principe, adressât au Gouvernement Bulgare, sous une forme amicale, des représentations au sujet de l'exécution de l'Article IX du Traité de Berlin. Non seulement son Excellence n'a pas fait difficulté d'entrer dans cette manière de voir, mais elle m'a paru encore professer nettement l'avis qu'il n'y avait pas de temps à perdre pour saisir officiellement les Puissances par voie de délibération à Constantinople des questions relatives au tribut et aux parts contributives. Tout en remerciant Sir Edward de son zèle pour nos intérêts, je lui ai dit, cependant, que dans mon intérêt personnel il serait peut-être préférable d'attendre la réponse du Gouvernement Bulgare aux démarches éventuelles des Puissances, avant de demander la Conférence. Vous voyez par ce qui précède dans quel sens agira le Représentant de Sa Majesté Britannique à Saint-Pétersbourg.

Ma seconde visite a été pour M. l'Ambassadeur d'Allemagne. Je lui ai résumé brièvement mes entretiens avec M. de Giers, en ajoutant que je comptais voir encore M. le Comte de Hatzfeldt à mon second passage à Berlin, et solliciter la participation du Gouvernement Impérial aux représentations que l'équité et le bon ordre public conseillaient d'adresser aux Bulgares. M. le Général de Schweinitz m'a écouté avec beaucoup de bienveillance et m'a promis d'écrire dès le lendemain à M. le Comte de Hatzfeldt, pour lui recommander nos intérêts. J'aurai occasion sous peu de vous instruire de la réponse qui m'aura été faite par le Cabinet de Berlin.

Je me suis présenté ensuite chez M. l'Ambassadeur d'Italie, à qui j'ai rappelé le concours empressé que le premier Plénipotentiaire de son Gouvernement, au Congrès de Berlin, avait donné aux créanciers de la Turquie, dans la définition des charges et des obligations qui pèsent sur la Bulgarie. M. le Comte Greppi a été très sensible à cet argument, m'a prié de consigner mes demandes dans un petit Mémorandum qu'il s'empresserait de transmettre à son Gouvernement, et enfin m'a promis de me donner les moyens de suivre cette affaire à Paris, avec M. le Général Menabrea.

L'accueil que j'ai reçu de M. le Comte de Wolkenstein, l'Ambassadeur de l'Autriche-Hongrie, a encore été, si j'ose ainsi m'exprimer, plus satisfaisant et plus cordial. "Je vous prie," lui ai-je dit, "d'annoncer ma prochaine visite à M. le Comte Kálnoky, et voici la double requête que je me propose de lui adresser. En premier lieu, il serait essentiel que le Gouvernement Austro-Hongrois mît à notre service ses bonnes relations avec le Prince Alexandre de Bulgarie, au moment où le Gouvernement Russe va prendre l'initiative dont je vous ai défini la nature et la portée. En second lieu, je voudrais que le Cabinet de Londres plaidât notre cause auprès le Gouvernement Serbe." M. le Comte de Wolkenstein a pleinement approuvé mes projets et mon langage, et s'est fait fort de ménager, auprès de M. le Comte Kálnoky, toutes les facilités désirables. Il lui a télégraphié séance tenante.

Il me restait à voir M. l'Ambassadeur de Turquie à St.-Pétersbourg. Dans mon entretien avec lui, j'avais surtout à m'abstenir de tout ce qui aurait pu me représenter à ses yeux comme un négociateur usurpant sur les droits du Gouvernement Ottoman. J'ai donc bien expliqué au Maréchal Chakir Pacha que je n'avais pas d'autre opinion sur le fond des choses que celles qui m'étaient fournies par les calculs de la Porte et les chiffres de Mr. Vincent, seulement que je croyais difficile de les faire sanctionner par nos débiteurs. J'ai ajouté que ces dissentiments seraient tranchés par la Conférence, et dès lors qu'il fallait y arriver aussitôt qu'on aurait en mains des éléments de réussite raisonnable. La démarche qu'allait faire le Gouvernement Russe à Sophia, surtout si cette démarche devait être appuyée par les Puissances Signataires du Traité de Berlin permettrait bientôt à l'Europe, selon toute apparence, de sortir de son réserve, et i appartiendrait dès à présent au Gouvernement Turc de la stimuler.

Le Maréchal Chakir Pacha m'a déclaré que le Gouvernement Russe tenait ses promesses, et si les Puissances agissaient simultanément dans le même ordre d'idées que lui à Sophia, la question du tribut et des parts contributives était à la veille de faire un grand pas. Il m'a remercié en excellents termes de ces négociations préliminaires, qu'il considère comme la suite naturelle de nos arrangements de 1881, et m'a promis de donner tous ses soins à ce qu'elles soient accélérées.

En terminant, l'Ambassadeur de Turquie m'a demandé, à titre privé, si je croyais que le tribut de Bulgarie dût être fixé à une somme approchant de 300,000*l*. Je lui ai répondu que je ne le croyais pas, tout en désirant vivement me tromper. "C'est que," a repris mon interlocuteur, "si le tribut Bulgare était arrêté à ce chiffre, la Turquie serait bien inspirée, selon moi, en l'abandonnant aux Russes, contre reprise des gages qu'elle leur a livrés pour le payement de notre indemnité de guerre, et que je préférerais voir en d'autres mains." Je n'ai pas cru le moment opportun pour discuter un tel expédient, qui ne serait peut-être pas aussi avantageux à la Turquie que l'imagine le Maréchal Chakir.

Vous voyez, M. le Président, que les sympathies en faveur de notre œuvre se dessinent et s'étendent. Si à Berlin et à Vienne—à Vienne surtout—nous rencontrons l'appui que me laisse espérer M. le Comte de Wolkenstein, j'estime que la Conférence Européenne, qui est notre salut, aura cessé de se dérober, et qu'une fois de plus, l'accord des intérêts privés aura produit celui des Gouvernements institués pour les protéger.

Agréez, &c.

(Signé) J. VALFREY.

No. 21.

Earl Granville to the Earl of Dufferin.

E
(No. 59A.)

My Lord, *Foreign Office, February 27, 1884.*

MR. BOUVERIE called upon me this afternoon, having requested an interview in order to speak to me on the subject of the settlement of the tribute to be paid by Bulgaria to the Porte, and of the share of the Ottoman Public Debt to be borne by that Principality.

Mr. Bouverie communicated to me three letters from M. Valfrey, who has been acting at St. Petersburgh on behalf of the British and French holders of Turkish bonds. It will be seen from these papers, of which copies are inclosed herewith,* and from the despatch from Her Majesty's Ambassador at St. Petersburgh, which is also inclosed,† that M. Valfrey has obtained a promise from the Russian Government to communicate to that of Bulgaria the calculations made by Mr. Vincent for estimating the tribute and share of the debt accruing to Bulgaria, and to invite observations upon them. M. Valfrey is anxious that Great Britain and other Powers should support this step by representations on their own part, and Mr. Bouverie came to advocate this view.

I told Mr. Bouverie that I must consider the question carefully before deciding what course to take. It did not seem at first sight clear, that in the interest of Turkey we should do wisely to take hasty action at Sophia. The Russian Government, I said, had offered to take the first steps there. If those steps were successful, so much progress would have been made. If on the other hand the Bulgarian Government were refractory, the Russian Government would be all the more inclined to welcome our support, and we should be in a much stronger position to press our advice.

In any case, I added, it could not be admitted that the decision of the matter rested with Bulgaria. That must be the business of the Ambassadors of the Powers at Constantinople, and it seemed that the difficulty as to their meeting to discuss the question had now been removed, as the Russian Government were reported by M. Valfrey to be ready to agree to the Conference taking place shortly.

I am, &c.
(Signed) GRANVILLE.

No. 22.

The Earl of Dufferin to Earl Granville.—(Received March 1.)

(No. 68. Confidential.)

My Lord, *Constantinople, February 26, 1884.*

WITH reference to my despatch No. 64, Confidential, of the 23rd February, on the subject of the negotiations between the Ottoman Minister of Finance and the Council of the Administration of the Public Debt for the conversion of the Ottoman Debt, I have the honour to state that I am informed that, in consequence of the strong pressure from the Paris Syndicate and the London Committees of Bondholders, the Council of the Administration of the Public Debt has decided to-day to pay the interest due on the 1st (13th) March against "détachement" of the coupon on the old bonds.

The Government Delegate for the conversion not having yet started, the conversion is practically postponed to the 1st (13th) September next, which, in the interest of the bondholders, is greatly to be regretted.

I have, &c.
(Signed) DUFFERIN.

No. 23.

Lord Ampthill to Earl Granville.—(Received March 3.)

(No. 29. Commercial.)

My Lord, *Berlin, February 26, 1884.*

WITH reference to my despatch No. 25, Commercial, of the 7th instant, I have the honour to state that M. Valfrey returned from St. Petersburgh a few days since,

* No. 20. † No. 17.

and, together with Baron de Courcel, my French colleague, did me the honour of calling yesterday at the Embassy to tell me of the satisfactory reception he had met with at the hands of M. de Giers, and to express his thanks for the advantages he had derived from the unofficial assistance Sir Edward Thornton had been authorized by your Lordship to afford him.

M. Valfrey repeated to me word for word the account already conveyed to your Lordship in Sir Edward Thornton's despatch No. 38 of the 18th instant, of the agreement come to between himself and M. de Giers on behalf of the bondholders of the Turkish Debt, and expressed a hope that Her Majesty's Government might see fit to recommend it at Sophia, and authorize Her Majesty's Ambassador at Constantinople to take it into consideration in concert with the Representatives of the Powers interested in the settlement of this question.

M. Valfrey had an audience of the German Minister for Foreign Affairs on Monday afternoon, from whom he obtained the assurance that the German Government would wait until the Power's interested were agreed upon the proposed arrangement before giving it their support at Sophia and Constantinople.

M. Valfrey leaves to-day for Vienna.

I have, &c.
(Signed) AMPTHILL.

No. 24.

(Papers communicated to Earl Granville by Mr. Bouverie, March 4.)

(1.)

M. Valfrey to Mr. Bouverie.

E
M. le Président, *Vienne, le 28 Février, 1884.*

UNE indisposition de M. le Comte de Hatzfeldt, Secrétaire d'État des Affaires Étrangères, m'a contraint de séjourner à Berlin plus longtemps que je ne m'y attendais, à mon retour de Saint-Pétersbourg. Ce n'est que le Lundi, 25 courant, qu'il m'a été possible de voir ce Ministre, et il m'a reçu en présence de M. l'Ambassadeur de France, qui avait bien voulu m'accompagner chez lui.

J'ai rendu compte fidèlement à M. de Hatzfeldt des négociations que j'avais poursuivies à Saint-Pétersbourg, et je les lui ai résumées par l'énumération des cinq points, qui en constituent le résultat. Mon interlocuteur a paru vivement intéressé par ce récit et m'a félicité, à plusieurs reprises, d'avoir conduit les choses jusque-là. Il ne m'a pas caché qu'il ne s'était pas attendu à me voir rapporter, de mes entretiens avec M. de Giers, quelque chose d'aussi précis, et il a constaté que l'exécution éventuelle de l'Article IX du Traité de Berlin semblait ainsi dégagée d'au moins une partie de ses premières difficultés.

Passant ensuite aux moyens qui me paraissaient les plus efficaces pour accélérer la marche des négociations préliminaires de la Conférence, j'ai expliqué que si toutes les Puissances Signataires du Traité de Berlin, chacune avec son tempérament, et d'après ses convenances, voulaient bien agir auprès du Gouvernement Bulgare dans le sens des représentations promises au délégué des porteurs par le Gouvernement Impérial Russe, il y aurait là une pression amicale qui ne pourrait que rendre service à nos intérêts et amener, en fin de compte, l'exécution d'un des Articles les plus importants du Traité de Berlin.

M. le Comte de Hatzfeldt s'est appliqué d'abord à bien définir que le Cabinet de Berlin ne voudrait, ni d'une démarche collective, ni d'une démarche simultanée, l'une et l'autre pouvant gêner ou contrarier la Russie, ou même dépasser la réserve que la politique Allemande s'est imposée en pareille matière. J'ai répondu qu'il ne s'agissait, dans ma pensée, que d'obtenir du Gouvernement Impérial, à son heure et sous la forme qu'il jugerait la meilleure, un témoignage de sympathie pour les intérêts que je représente: mes prétentions n'allaient pas au delà de ce but; je tenais à mon tour à ce que cela fût bien compris. M. de Hatzfeldt m'a déclaré alors qu'il n'y avait pas, selon lui, d'inopportunité de principe à opposer contre la démarche que je sollicitais du Gouvernement Impérial se trouverait lui-même d'accord avec tout le monde pour agir à Sophia [*sic*]. En terminant, le Ministre m'a demandé de lui remettre par écrit les

cinq points qui forment le résultat de mes négociations de Saint-Pétersbourg: il voulait en écrire avec toute la précision possible au Prince de Bismarck.

Le lendemain, je me disposais à partir pour Vienne, lorsque, vers 3 heures de l'après-midi, un messager du Comte de Hatzfeldt vint m'annoncer que le Ministre me priait de passer le plus tôt possible chez lui pour me faire une communication. J'étais déjà en toilette de voyage; je pris aussitôt une voiture et je me rendis chez M. de Hatzfeldt. Il me dit alors que, d'après les instructions reçues par lui de Frederichsruhe, et pour prévenir tout malentendu, il désirait reprendre avec moi, et les serrer, ses déclarations de la veille: "Nous n'avons pas voulu," ajouta-t-il, "prendre dès à présent envers vous l'engagement d'agir à Sophia. Quand tout le monde sera d'accord sur la question, surtout quand nous connaîtrons le point de vue de l'Autriche, qui nous tient plus particulièrement à cœur, alors le Chancelier fera une proposition à l'Empereur. Mais la libre décision du Souverain doit être pleinement réservée."

J'ai accueilli ces déclarations avec beaucoup de bonne grâce, et je n'ai pas cru me tromper, en conjecturant de suite que le Comte de Hatzfeldt voulait surtout faire en sorte qu'il n'y eût aucune nuance entre son langage et la pensée du Chancelier laquelle, à distance, n'admet ni commentaire ni atténuation. J'ai donc répondu au Ministre que ses explications complémentaires ne changeaient rien à l'impression favorable que j'emportais de son accueil, du moment où il reconnaissait dans ce second entretien, comme il l'avait déjà fait dans le premier, l'opportunité de l'action diplomatique que je cherchais à préparer.

Entre temps, j'avais profité des loisirs que me faisait, à Berlin, l'indisposition de M. le Comte de Hatzfeldt, pour rendre quelques visites aux Représentants des Puissances Signataires du Traité de Berlin. C'est ainsi que j'ai vu successivement Lord Ampthill, le Comte de Launay, le Comte Szechenyi, et Saïd Pacha, les trois premiers en compagnie de M. l'Ambassadeur de France, dont l'obligeance pour moi a réellement été inépuisable.

Lord Ampthill m'a dit, sans aucune espèce d'hésitation, qu'il recommanderait à son Gouvernement d'agir à Sophia dans le sens réclamé par moi. L'Ambassadeur d'Italie m'a promis de m'appuyer auprès de son Gouvernement, mais il semblait y mettre tout d'abord pour condition que j'irais à Rome. Je lui ai objecté que, dans la campagne que je mène, je suis surtout préoccupé de nous assurer le bon vouloir des Puissances dont les sujets sont indifférents au sort de la Dette Turque—c'est-à-dire, de la Russie, de l'Allemagne, et de l'Autriche. Pour les autres Gouvernements—c'est-à-dire, pour ceux qui ont vu leur épargne nationale s'engouffrer du plus au moins, dans les fonds Ottomans, je ne m'en inquiétais guère, parce que leurs concours ne pouvait m'être refusé. Je veux parler de la France, de l'Angleterre, et de l'Italie. M. le Comte de Launay, devant ces explications, n'a pas insisté, et j'ai pris congé de lui.

Quant à l'Ambassadeur d'Autriche, il ne pouvait que m'annoncer à Vienne, et c'est ce qu'il a fait dans les termes les plus obligeants. Restait l'Ambassadeur de la Porte, avec qui j'ai eu une longue conférence. Saïd Pacha reconnait sans difficulté que j'ai obtenu des Russes quelque chose de très substantiel, et que la question de la Conférence est bien posée. "Mais," ajoute-t-il, "les Russes sont si faux et si menteurs! Qui vous garantit qu'ils n'écriront pas, par-dessous mains, à Sophia, le contraire de ce qu'ils y écriront apparemment pour dégager leur parole vis-à-vis de vous?" J'ai répliqué que tout était possible, mais que cependant les Russes n'étaient pas obligés d'y mettre tant de formes. Je n'étais rien, rien qu'un humble courtier, sans autre puissance à ma disposition que celle de la parole, et dès lors, si le Cabinet de Saint-Pétersbourg tenait à laisser inexécuté l'Article IX du Traité de Berlin, il n'aurait eu qu'à demeurer dans le vague avec moi: sa responsabilité n'en eût pas souffert. Saïd Pacha a confessé, depuis, à l'Ambassadeur de France, qu'il rapporterait notre entretien à Constantinople avec une conclusion plus optimiste.

Je serai reçu probablement aujourd'hui par M. le Comte Kálnoky, et je vous en écrirai avant de quitter Vienne pour rentrer directement à Paris.

Veuillez, &c.

(Signé) J. VALFREY.

(2.)

M. Valfrey to Mr. Bouverie.

E

M. le Président, *Vienne, le 29 Février*, 1884.

ME voici arrivé au terme de mes négociations, ou plutôt, du programme que j'avais arrêté avant de quitter Paris et qui consistait à pressentir les trois Cours du Nord

sur leurs dispositions à l'égard d'une Conférence Internationale pour résoudre la question des tributs et parts contributives des provinces détachées de la Turquie en 1878 et 1881.

Les coïncidences des choses et la courtoisie de tous m'ont permis de faire rapidement à Vienne tout ce qui m'y avait appelé. Dans la journée d'hier, j'ai eu une longue conférence avec M. de Szögyennyi, Chef de Section du Ministère des Affaires Étrangères. Je lui ai rendu compte de ce que j'avais fait à Saint-Pétersbourg et à Berlin, et je lui ai indiqué, en outre, avec précision, dans quelle mesure et dans quelle forme je venais faire appel aux bons offices du Gouvernement Impérial et Royal. "Je demande," lui ai-je dit, "trois choses au Cabinet de Vienne: (1) de vouloir bien adresser, à son heure, et d'après ses convenances, une représentation amicale au Gouvernement Bulgare pour l'inviter à envisager avec équité les obligations que lui impose l'Article IX du Traité de Berlin;" (2) de me mettre en rapports avec le Gouvernement Serbe pour l'amener à une discussion préliminaire sur le montant de la part contributive qui incombe au Royaume de Serbie, dans la dette générale de l'Empire Turc; (3) enfin, d'autoriser l'Ambassadeur d'Autriche-Hongrie à m'entendre chaque fois que la marche de nos affaires et la suite logique de ces premiers pourparlers me suggéreraient de recourir à l'obligeance du Cabinet de Vienne." Mon interlocuteur n'avait pas qualité pour me donner une réponse catégorique, mais j'ai compris tout de suite, d'après son langage, que le Gouvernement Austro-Hongrois accueillerait sans difficultés mes demandes. En terminant, M. de Szögyennyi m'a annoncé que je verrais le Ministre le lendemain et que, selon toute apparence, je sortirais satisfait des déclarations de ce dernier.

Je me suis rendu ensuite auprès de M. de Kállay, Ministre des Finances Communes, dont le concours m'avait été si utile lors de nos négociations de 1881. M. de Kállay m'a écouté avec le plus vif intérêt, m'a approuvé dans tout ce que j'avais fait jusqu'ici, et m'a promis son concours en toute circonstance, dans l'avenir comme dans le présent.

J'ai été reçu aujourd'hui, à midi, par le Comte Kálnoky, Ministre des Affaires Étrangères et Président du Conseil des Ministres Communs. M. le Comte de Kálnoky m'a invité à reprendre oralement l'historique de mes négociations à Saint-Pétersbourg et à Berlin, après quoi j'ai conclu en formulant les trois demandes énumérées plus haut.

Sur la première j'ai obtenu les déclarations les plus concluantes. L'Autriche est désintéressée, ou à peu près, dans le sort de la Dette Turque, mais elle ne se désintéresse nullement de l'exécution du Traité de Berlin. Par conséquent, dans cette mesure et sur ce terrain, elle a déjà fait à Sophia, pour répondre au désir de la Porte, des représentations qui ne laissent aucun doute sur ce qu'elle pense des obligations de la Bulgarie. L'année dernière, quand il s'agissait à Constantinople de mettre à l'étude cette question et les questions analogues qui concernait la Serbie, la Grèce, et le Monténégro, le Cabinet de Vienne donna à son Ambassadeur auprès de la Porte les instructions les plus correctes. Aujourd'hui l'Autriche est prête à renouveler ses démarches auprès du Gouvernement Bulgare sans aucune espèce d'hésitation, et en application des principes qui dirigent sa politique générale dans la presqu'île des Balkans.

Sur la demande relative à la Serbie, le Ministre m'a objecté que si le Cabinet de Vienne entrait sans réserve dans mes vues, il risquerait de froisser le Cabinet de Belgrade.

"Les petits États sont particulièrement ombrageux, plus ombrageux que les grands," a-t-il ajouté, "mais il ne vous sera pas difficile de vous mettre en rapports avec le Ministre de Serbie à Paris, et si, au cours de ces pourparlers, vous avez besoin de notre assistance, vous la trouverez toujours."

Quant à ma dernière demande, elle n'a pas soulevé d'objection. M. le Comte de Kálnoky va intruire M. le Comte Hoyos, à Paris, de notre conversation, et lui donner pour instructions de m'accueillir chaque fois que je croirai avoir besoin des bons offices du Cabinet de Vienne. Celui-ci désire vivement que nous réussissions à préparer les voies à la Conférence, à lui faciliter surtout les moyens de rendre une décision équitable pour les créanciers et les débiteurs de la Turquie.

Veuillez, &c.

(Signed) J. VALFREY.

No. 25.

Earl Granville to Mr. Lascelles.

(No. 6.)

Foreign Office, March 6, 1884.

Sir,

I TRANSMIT herewith, for your information, copy of a despatch from Her Majesty's Ambassador at St. Petersburgh,* relative to the mission to that capital of M. Valfrey, who is endeavouring on behalf of the Turkish bondholders to obtain a settlement of the tribute to be paid by Bulgaria to the Porte, and of the share of the Ottoman Public Debt to be borne by that Principality, as well as by Servia, Montenegro, and Greece.

I also transmit a copy of a despatch which I have addressed to Her Majesty's Ambassador at Constantinople, recording an interview on the same subject with the Right Honourable E. Bouverie, Chairman of the Council of Foreign Bondholders.†

I am, &c.

(Signed) GRANVILLE.

No. 26.

The Earl of Dufferin to Earl Granville.—(Received March 12.)

(No. 84.)

Constantinople, March 8, 1884.

My Lord,

WITH reference to my despatch No. 663 of the 3rd December last, in which I transmitted to your Lordship a Memorandum stating the views of the Sublime Porte in regard to the two solutions which were communicated to it by this Embassy for regulating the contributive parts of the Ottoman Public Debt to be borne by Bulgaria, Servia, Greece, and Montenegro, I have the honour to forward to your Lordship herewith a further Memorandum from the Sublime Porte, stating that the Ottoman Government is anxious to be informed of the result of the negotiations undertaken by Her Majesty's Government in regard to this matter with the Signatory Powers of the Treaty of Berlin, and that they would be much obliged if I could communicate to them the views entertained by Her Majesty's Government and the other Powers respecting the conclusions arrived at by the Sublime Porte on this subject, as set forth in the Memorandum referred to.

I have reason to believe that, during the course of his negotiations with M. de Giers at St. Petersburgh, M. Valfrey induced the Russian Government to promise to bring to the notice of the Bulgarian Government Mr. Vincent's Memorandum, and to recommend them to enter upon the consideration of the question of the quota part of Bulgaria.

I have also (in my despatch No. 62 of the 21st ultimo) forwarded to your Lordship the observations of the Hellenic Government in relation to the claim so far as it affects Greece.

Perhaps your Lordship will be good enough to instruct me in what terms I am to reply to the Sublime Porte's Memorandum.

I have, &c.

(Signed) DUFFERIN.

Inclosure in No. 26.

Memorandum.

PAR un Mémorandum portant la date du 1er Décembre, 1883, le Ministère des Affaires Étrangères, répondant à un *pro-memorid* de l'Ambassade de Sa Majesté Britannique relatif aux quote-parts de la Dette Publique Ottomane, avait l'honneur de lui faire connaître officieusement les vues et les idées du Gouvernement Impérial en ce qui touche le réglement de cette question.

Confiante en l'action du Gouvernement de Sa Majesté Britannique, qui avait bien voulu prendre l'initiative de la proposition et donner ainsi une nouvelle preuve de l'intérêt qu'il attache au réglement équitable de cette affaire, la Sublime Porte attend avec impatience le résultat des négociations qu'il a bien voulu engager à cet effet avec les Puissances co-Signataires du Traité de Berlin.

* No. 17.

† No. 21.

Elle serait reconnaissante à l'Ambassade de Sa Majesté la Reine si elle voulait bien lui faire savoir quelle est l'opinion de son Gouvernement et des autres Gouvernements intéressés en ce qui touche les conclusions émises par elle dans son Mémorandum responsif, sur la question des quote-parts de la Dette Publique à attribuer aux territoires cédés à la Grèce, à la Serbie, au Monténégro, et à la Bulgarie, aussi bien qu'en ce qui concerne la fixation du tribut de cette Principauté.

Sublime Porte, le 6 Mars, 1884.

No. 27.

Earl Granville to the Earl of Dufferin.

E

(No. 88.)

Foreign Office, March 10, 1884.

My Lord,

I HAVE received your Excellency's despatch No. 84 of the 8th instant, forwarding copy of a note from the Sublime Porte stating that the Turkish Government is anxious to be informed of the result of the negotiations undertaken by Her Majesty's Government in regard to the contributive parts of the Ottoman Public Debt to be borne by Bulgaria, Servia, Greece, and Montenegro, as well as of the views of the Powers respecting the conclusions arrived at by the Porte on the subject, as set forth in the Memorandum a copy of which was inclosed in your despatch No. 663 of the 3rd December last.

I have to request that your Excellency will inform the Porte, confidentially, that Her Majesty's Government have reason to hope that the Russian Government will shortly be prepared to join in the consideration of this question at Constantinople, when the several Powers will have a suitable opportunity for stating their views on the various solutions proposed.

I am, &c.

(Signed) GRANVILLE.

No. 28.

Mr. Vincent to Sir J. Pauncefote.—(Received March 21.)

Sir,

8, *Ebury Street, London, March* 20, 1884.

I HAVE the honour to acknowledge the receipt of your despatch of the 8th February, inclosing a Memorandum by M. Tricoupi on the contributive part of the Turkish Debt to be borne by Greece under the Xth Article of the Convention of the 2nd July, 1881.

M. Tricoupi's Memorandum has reference to a note written by me on the same subject. His first question is: "During what period shall the revenues be taken, in order to establish the proportion in which Greece is to contribute to the Turkish Debt?" The figures on which my note was based purported to be the average revenues both of Turkey and of the districts ceded to Greece during the five years immediately preceding the Russian war. No period more convenient or more fitting could, I think, be found. By taking the average of five years the risk of exceptionally good or bad seasons is minimized, while the danger of bringing into calculation a period so far back as not to be a fair subject of comparison is also avoided.

M. Tricoupi further questions the accuracy of the figures I quoted. Some explanation regarding the source from which these were taken may be useful. They were contained in a Table handed by the official representatives of the Porte to the Right Honourable Robert Bourke and M. Valfrey during their negotiations at Constantinople on behalf of the Turkish bondholders in 1881. While at Constantinople in 1882 I endeavoured to verify the figures given, but could not obtain access to the necessary papers. It would, I think, serve no good purpose to enter into a detailed examination of these figures; and any final opinion regarding their exactness must be reserved until the Turkish Government brings forward the proper documents for their verification. To proceed by surmise and to estimate the truth of the sums quoted by probabilities would only be a waste of time. I doubt whether any progress in this direction will be made until a duly authorized Commission undertakes the study of the subject, with full authority from the Great Powers.

In the last paragraph of M. Tricoupi's Memorandum, he states that when the sum for which Greece is to be held responsible is definitely fixed she will be prepared to

pay annually, for interest and sinking fund, a sum proportional to that paid by Turkey for the service of its public debt. This method will, I think, in practice lead to considerable inconvenience. The amount paid annually by Turkey for the service of its public debt is not fixed, but variable. It depends upon the amount of the revenue encashed from the revenues ceded to the Council which represents the bondholders. The inconvenience for Greece of being subject to the payment of an uncertain sum which can only be ascertained at the end of each year is manifest. It would, in my opinion, be far preferable either to have a fixed annual payment, or to adopt the method suggested by me in my previous note, viz., for Greece to buy up in the market the amount of debt which falls upon her, and in this manner to free herself from all obligation towards the Turkish bondholders. The low price of Turkish stock at the present moment would facilitate such a solution.

I have, &c.
(Signed) EDGAR VINCENT.

No. 29.

The Earl of Dufferin to Earl Granville.—(Received March 26.)

(No. 91. Confidential.)
My Lord, *Constantinople, March 18, 1884.*

ON the 14th May, 1882, as your Lordship is aware, a Convention was signed between the Russian and the Turkish Governments for the purpose of regulating the mode of payment of the Russian war indemnity.

According to this Convention the whole of the indemnity, amounting to 802,500,000 fr., and bearing no interest, is to be paid off by annual instalments of £T. 350,000, guaranteed upon certain specified revenues, and, in assigning the revenues destined for this purpose, the Convention provides that there shall be a margin of 25 per cent.

If the amount collected exceeds the sum of £T. 350,000, the balance is to be surrendered to the Ottoman Government; but if, on the other hand, it falls short of that amount, the Ottoman Minister of Finance is bound by the Vth Article to assign to the Bank additional districts whose revenues shall cover the deficit.

Although the Convention was signed in May 1882, it was subsequently arranged that it should not come into operation that year, and therefore the period between January 1883 and January 1884 is practically the first year of its existence; and, seeing that a large portion of the tithe cannot be sold until after the 1st (13th) January, it is, I believe, not unlikely that the Russian Government may be willing to allow the year to begin and to end on the 1st (13th) March, which corresponds with the Ottoman financial year.

The revenues assigned under the Convention for the payment of the war indemnity are:—

	£T.
Aleppo sheep tax	40,000
Konieh tithe	138,000
Castamouni tithe	110,000
Adana tithe	70,000
Sivas tithe (portions of)	79,000
Total	437,000

On the 12th January last the Russian Ambassador, having been informed by M. Koulda, the Representative of the Bank of Russia accredited under the Convention to the Ottoman Bank, that the sum paid in to the former up to the 31st December amounted only to £T. 125,146, wrote to the Porte, calling attention to the fact, and asking what measures the Ottoman Government intended adopting under the circumstances. His Excellency received a reply on the 16th January, to the effect that the unexpected depreciation in the price of cereals had unfortunately caused the tithe to fall short of the anticipated amount, and that some difficulties in the working of the Convention must necessarily occur during the first year of its existence, but that the Minister of Finance had received peremptory instructions to adopt the necessary measures for securing payment in full.

M. Nélidow, in a fresh note, requested to be informed of the exact measures which the Porte contemplated adopting for the purpose of securing a satisfactory

settlement of this claim; and M. Koulda at the same time wrote a note to the Ottoman Bank, as co-executors of the Convention, couched in very similar terms. The Ottoman Bank accordingly addressed a communication in the same sense to the Minister of Finance, calling attention to the provisions of the Vth Article of the Convention, but the Porte has not yet furnished a reply either to the Russian Ambassador or to the Bank.

The total amount credited to the Bank of Russia up to the 1st (13th) March is £T. 201,000, leaving a deficit of £T. 149,000.

I have, &c.
(Signed) DUFFERIN.

P.S.—Since writing the above I have been informed that the total amount encashed by the Ottoman Bank in the provinces up to the 1st (13th) March is £T. 215,610, which shows an increase of about £T. 14,000 on the sum credited that day to the Bank of Russia.

D.

No. 30.

The Earl of Dufferin to Earl Granville.—(Received March 26.)

(No. 95.)
My Lord, *Constantinople, March 22, 1884.*

IN compliance with the instructions contained in your Lordship's despatch No. 47 of the 15th ultimo, I addressed a note to the Ottoman Minister for Foreign Affairs, informing his Highness of the sum due to the Ottoman Government on account of the surplus revenues of Cyprus of 1884, and expressing the hope that measures would be at once taken to provide a sinking fund in accordance with the stipulations of the above Convention, as it would be a matter of regret to Her Majesty's Government if they were compelled to retain for this purpose the balance of the surplus which might from year to year remain in their hands.

I have now the honour to transmit to your Lordship herewith a copy of the note which I have received from Aarifi Pasha in reply, in which, as your Lordship will perceive, his Highness states that my communication has been referred to the Ministry of Finance, and that the decision of that Department will be communicated in due time to Her Majesty's Embassy.

With a view to avoiding any further discussion respecting Colonel Synge's and Mr. Suter's ransom, I abstained in my above-mentioned note from any allusion to the correspondence which has passed between your Lordship and Musurus Pasha on that subject, merely mentioning the amount that had been deducted on that account by Her Majesty's Government from the surplus revenues due to the Ottoman Government for 1884.

As, however, Aarifi Pasha again denies the responsibility of the Sublime Porte for Mr. Suter's ransom, I propose now to address a note to his Highness, stating that I am instructed by your Lordship to inform the Sublime Porte that the decision of Her Majesty's Government on this point is final, and cannot be made the subject of any further discussion.

I have, &c.
(Signed) DUFFERIN.

Inclosure in No. 30.

Aarifi Pasha to the Earl of Dufferin.

M. l'Ambassadeur, *Sublime Porte, le 19 Mars, 1884.*

J'AI eu l'honneur de recevoir la note que votre Excellence a bien voulu m'adresser le 28 Février dernier relativement à l'excédent des revenus de l'Ile de Chypre.

Je n'ai pas manqué de communiquer cette pièce au Département Impérial des Finances, dont j'aurai soin de faire connaître la réponse à votre Excellence.

En attendant je crois devoir, en ce qui concerne la rançon de Mr. Suter, répéter ici que la Sublime Porte ne saurait en aucune façon être tenue responsable de la capture de cet ingénieur. Elle ne peut, dès lors, reconnaître le paiement de la rançon accordée

pour sa délivrance. Par ma note en date du 13 Décembre dernier, j'ai eu l'honneur d'exposer en détail à votre Excellence la manière de voir du Gouvernement Impérial à ce sujet.

En maintenant les conclusions de cette note, je saisis, &c.

(Signé) A. AARIFI.

No. 31.

Sir J. Pauncefote to Sir R. Lingen.

Foreign Office, April 1, 1884.

Sir,

WITH reference to my letter of the 29th February, transmitting copy of an instruction addressed by Earl Granville to Her Majesty's Ambassador at Constantinople relative to the surplus of the Cyprus revenue due to Turkey and the Synge and Suter ransoms, I am directed by his Lordship to forward herewith, for the information of the Lords Commissioners of Her Majesty's Treasury, a copy of a despatch from the Earl of Dufferin, inclosing the reply of the Porte, which states that his Excellency's communication had been referred to the Ministry of Finance, and that the decision of that Department would be communicated in due time to Her Majesty's Embassy.*

I am to state that Lord Granville proposes, with the concurrence of the Board of Treasury, to approve Lord Dufferin's proposal to address a note to the Turkish Minister for Foreign Affairs, stating that he is instructed to inform the Porte that the decision of Her Majesty's Government with regard to the Synge and Suter ransoms is final, and cannot be made the subject of further discussion.

I am, &c.

(Signed) JULIAN PAUNCEFOTE.

No. 32.

Musurus Pasha to Earl Granville.—(Received April 3.)

Ambassade Impériale Ottomane, Londres, le 2 Avril, 1884.

Milord,

LE Gouvernement Impérial, à qui j'ai transmis la note que votre Excellence m'a fait l'honneur de m'adresser en date du 12 Février dernier, en même temps qu'il a communiqué au Ministère Impérial des Finances les Tableaux y annexés concernant le service de l'Emprunt Ottoman de 1855 et l'excédent des revenus de Chypre, m'a chargé d'exprimer à votre Excellence combien il regrettait que le passage de la note précitée de votre Excellence qui se rapporte à la rançon de Mr. Suter le mît dans la nécessité de réitérer ses déclarations précédentes sur ce sujet.

Votre Excellence doit se rappeler que, dès le jour où il a été informé des circonstances au milieu desquelles s'était produite la capture de Mr. Suter, le Gouvernement Impérial n'a cessé, tant dans ses communications à l'Ambassade de Sa Majesté Britannique à Constantinople, que par la dépêche Ministérielle du 23 Avril, 1882,† que j'ai eu l'honneur de communiquer à votre Excellence le 24 du même mois, et qui est restée jusqu'ici sans réponse, de protester contre l'intention que le Gouvernement de Sa Majesté la Reine lui avait fait entrevoir de faire peser sur lui la responsabilité de cet accident.

En effet, le Gouvernement Impérial a démontré amplement par un ensemble de considérations que la capture de Mr. Suter ne pouvait être imputée à un manque de vigilance de la part des autorités Impériales. Au contraire, celles-ci s'étaient empressées de l'avertir du danger et avaient pris des mesures de précaution pour veiller à sa sûreté. Aucun reproche ne peut donc leur être adressée; et, pour quiconque envisage les faits avec impartialité, Mr. Suter n'a été victime que des suites de son imprudence.

La Sublime Porte regrette que le Gouvernement de Sa Majesté la Reine n'ait pas paru donner à ces considérations l'attention qu'elles lui semblaient mériter; elle n'a pas admis dès le principe, et elle ne saurait admettre aujourd'hui, la manière de voir du Gouvernement de Sa Majesté la Reine en cette affaire, et elle espère qu'il voudra bien revenir à une plus juste appréciation des circonstances qui s'y rattachent.

En m'acquittant par la présente communication des instructions du Gouvernement Impérial à l'effet d'assurer la sauvegarde de ses intérêts, je saisis, &c.

(Signé) MUSURUS.

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* No. 30.

† ? 1881.

No. 33.

Earl Granville to the Earl of Dufferin.

(No. 127.)

My Lord,

Foreign Office, April 10, 1884.

I HAVE been in communication with the Lords Commissioners of the Treasury on the subject of your despatch No. 95 of the 22nd ultimo, and I have to state that Her Majesty's Government approve the proposal of your Excellency to address a note to the Porte stating that the decision of Her Majesty's Government with regard to the deduction of Mr. Suter's ransom from the surplus revenue of Cyprus is final, and cannot be made the subject of further discussion.

I am, &c.

(Signed) GRANVILLE.

No. 34.

Earl Granville to Sir E. Thornton.

(No. 12.)

(Telegraphic.)

Foreign Office, May 3, 1884, 5·20 P.M.

CAN you do anything to induce M. de Giers to act on his promise to M. Valfrey with regard to communicating with the Bulgarian Government as to the Tribute question?

No. 35.

Sir E. Thornton to Earl Granville.—(Received May 12.)

(No. 133.)

My Lord,

St. Petersburgh, May 6, 1884.

WITH reference to your Lordship's telegram No. 12 of the 3rd instant, I have the honour to inform you that I called upon M. de Giers yesterday afternoon, and inquired whether he had been able to cause to be conveyed to the Government of Bulgaria the wish of the Imperial Government, that the former would take into consideration the question of the tribute to be paid to the Porte, in the manner in which M. Valfrey had been led to believe that such a communication would be made to the Bulgarian Government.

M. de Giers informed me that instructions had been sent to the Russian Agent at Sophia upon the subject, but I could not ascertain the precise date of these instructions. His Excellency, however, stated that after a careful examination of the question, he had come to the conclusion that the most practical way of approaching it would be by the establishment of a Commission, who should inquire into all the liabilities of the Bulgarian Government—that is to say, the tribute to be paid to the Porte, the portion of the Turkish public debt to be borne by Bulgaria, the expenses of the occupation of Bulgaria by the Russian troops, the claims of the Varna-Rustchuk Railway Company, and those of the Austro-Hungarian Government with regard to railways; and that after having ascertained the amounts of these different liabilities, they should endeavour to fix the proportion which Bulgaria might be able fairly to pay to each of these creditors.

His Excellency expressed his opinion that it would be a very difficult matter to decide how much Bulgaria ought in justice to pay towards the satisfaction of any one of these liabilities individually until the amount of each and all of them was positively fixed.

M. de Giers informed me that he had consequently sent instructions to the Russian Agent at Sophia to make a suggestion to the Bulgarian Government of the nature alluded to above. No information, however, had as yet reached him as to the manner in which this suggestion had been received by the Bulgarian Government.

I have, &c.

(Signed) EDWD. THORNTON.

No. 36.

The Earl of Dufferin to Earl Granville.—(Received May 28.)

(No. 176.)
My Lord, *Constantinople, May 24, 1884.*

I THINK it right to bring to your notice the following circumstances as illustrative of the conceptions entertained in this country of financial integrity:—

In 1872 the Turkish Government issued the loan known as the "Bons du Trésor" for about 11,000,000*l.* These bonds were repayable within a limited period, but as it would have been very inconvenient to the Government to repay them, an option was given to the holders to exchange them for 5 per Cent. Consolidés at an advantageous price, 20,000,000*l.* of new Consolidés stock being created for this purpose. A portion of the holders of the "Bons du Trésor," however, did not avail themselves of the right of conversion, so that about 8,000,000*l.* of this Consolidés stock was left unapplied, and the equivalent value of "Bons du Trésor" remain in circulation. It is clear that, when the time for conversion was past, this unused balance of Consolidés ought to have been annulled. This the Treasury failed to do, and subsequently used 2,250,000*l.* of it as a guarantee to Baron Hirsch on account of claims he has against the Turkish Government. Baron Hirsch (whether rightly or wrongly need not be discussed) detached the coupons from the bonds and negotiated them; and they were paid on presentation at the Imperial Ottoman Bank with other coupons, all being payable to bearer.

The Turkish Government now refuse to acknowledge these bonds or coupons, saying that they are not included in the Decree of 1881 regulating the Ottoman Debt.

I am afraid it must be admitted that this deposit of 2,250,000*l.* with Baron Hirsch was a dishonest issue. For one of two things must be true, either the paper is valueless, in which case a fraud was committed against Hirsch; or the bonds are valid, in which event a fraud has been committed against the bondholders when a settlement was come to with them without any provision for the capital or interest of this extra and irregular issue of bonds, of which no notice was given to the Commission which regulated the debt in 1881. To refuse to pay these coupons will seriously damage the credit of the Government, and, being payable to bearer, I imagine payment can be legally enforced. Indeed, it is difficult to see how the Turkish Government can repudiate them when they themselves issued the bonds. Still they have determined to do so.

Another instance relates to one of the loans payable by the Crédit Mobilier of Paris.

The house which contracted the loan being liable for the dividend payable to the public, the practice has been for the total amount of the dividends to be handed over each half-year to the paying house. As some holders, however, do not at once claim their dividends, and as cases of death or litigation produce delays in claiming dividends, there is always a certain balance remaining in the hands of the paying house. A short time ago the Turkish Government claimed from the Crédit Mobilier such a balance—some few thousand pounds. The Crédit Mobilier was weak enough to hand over the money to the Government. Since that time many cases have arisen of holders claiming the dividends justly due to them. The Crédit Mobilier naturally refers them to the Turkish Government, who, however, decline to pay.

The gross injustice of the Government retaining money belonging to the bondholders has been strenuously urged upon the Porte, but all to no purpose.

The Government are now, I understand, putting great pressure on the Imperial Ottoman Bank to make it hand over a similar sum, which it holds on account of the bondholders of another loan. But, warned by the precedent of the Crédit Mobilier, the Bank declines to do so, offering at the same time to allow interest on it till claimed by the owners.

The preceding facts require no comment.

I have, &c.
(Signed) DUFFERIN.

No. 37.

The Earl of Dufferin to Earl Granville.—(Received June 5, 4·30 P.M.)

(No. 30.)
(Telegraphic.) *Constantinople, June 5, 1884, 2·30 P.M.*

PORTE has agreed to proposed conversion of debt, but Sultan's Iradé not yet issued.

No. 38.

The Earl of Dufferin to Earl Granville.—(Received June 11.)

(No. 189.)
My Lord, *Constantinople, June 3, 1884.*

IT will be in your Lordship's recollection that the Porte engaged to meet the claim of the Russian Government for a war indemnity by the payment of an annual sum of 350,000*l.* from certain revenues specially assigned to meet the charge in question. At the time it was calculated that these revenues would give 20 per cent. over and above the necessary amount; but, in consequence of the low price of grain, the change in the system of collection and other causes, the revenues in question produced only a little more than a third of the calculated income. As a consequence, the Russian Ambassador has now demanded that additional revenues should be assigned for the surplus of the debt, and that precautions should be taken against the recurrence of any deficit in the required payment.

I have, &c.
(Signed) DUFFERIN.

No. 39.

Earl Granville to the Earl of Dufferin.

(No. 187.)
My Lord, *Foreign Office, June 11, 1884.*

I HAVE received your Excellency's telegram No. 30 of the 5th instant, stating that the Porte has agreed to the proposed conversion of the Ottoman Public Debt, but that the Sultan's Iradé has not yet been issued.

In your despatch No. 64 of the 23rd February your Excellency informed me that the proposed conversion had been confirmed by Imperial Iradé, and the form of the new bonds fixed upon about eight months previously. I shall be glad, therefore, to receive from your Excellency some further details as to the effect of the Iradé referred to in your telegram, the issue of which by the Sultan is still delayed.

I am, &c.
(Signed) GRANVILLE.

No. 40.

The Earl of Dufferin to Earl Granville.—(Received June 22, 4 P.M.)

(No. 33.)
(Telegraphic.) *Constantinople, June 22, 1884, 10·50 A.M.*

IRADÉ sanctioning conversion of Turkish Debt, and appointing Delegates to proceed to Europe to control operations, issued yesterday.

No. 41.

The Earl of Dufferin to Earl Granville.—(Received June 28.)

(No. 202.)
My Lord, *Therapia, June 23, 1884.*

IN reference to your Lordship's despatch No. 187 of the 11th June, in which you desire to be informed of the effect of the Sultan's recent Iradé, the issue of which I announced in my telegram No. 33 of the 22nd instant, respecting the conversion of the Public Debt of Turkey, I beg to submit the following explanation.

As your Lordship is aware, by an Imperial Iradé issued more than a year ago, the principle of conversion had been already sanctioned. All the necessary preparations had been made by the Council of Administration for carrying the above decision into effect by the 13th of last May, with the view of paying the interest then due on the new coupons instead of on the old. The only remaining operation required to render the new bonds valid for issue was their signature on behalf of the Ottoman Government. To effect this signature it was necessary that the Porte should appoint a Delegate to superintend the stamping of the "grilles" (facsimiles of signature) on the bonds at the printing establishment. The appointment of this Delegate was demanded by the Council as long ago as last September, but has been delayed by the Porte on various pleas until this moment. The real cause of this protracted hesitation on the part of the Turkish Government has arisen from a certain financial section in Paris having frightened the Ottoman authorities into the belief that the conversion would produce a fall in their securities which would be disastrous to Turkish credit.

At the date when the conversion of the debt was first proposed, the Ottoman stocks were very much higher than at present, the "General Debt," for instance, being quoted at 12, 14, and even 16, and it may be doubted whether two of the old bonds, which under the conversion would be replaced by about one new bond, would have carried their value with them; in other words, whether the new bond might not have acquired a value less than 24*l*. But in consequence of the delay and mismanagement of the Sultan's financial advisers, who have led everybody to expect the conversion without carrying it out, the existing bonds have now fallen to 8 or 9. Now, however, that the question of the conversion has been settled, the market will know how the matter stands, and instead of the new bonds being quoted at 16 or 18, that is, double the present price, it is probable that they may rise considerably above their proportionate value. It will, moreover, be an undoubted advantage to Turkey that her paper should represent the actual amount of her debt. So long as the old bonds remain in the market, so long in spite of all that was known and declared to the contrary, would a vague impression have remained that the Turks were liable for the nominal amount which the bonds represented.

I have, &c.
(Signed) DUFFERIN.

No. 42.

Mr. Swaffield to Earl Granville.—(*Received August* 1.)

5, Queen Street Place, Upper Thames Street,
London, July 30, 1884.

My Lord,

ON the 4th January last I had the honour of addressing your Lordship on the subject of the Bulgarian tribute and the amount of the Turkish Debt to be borne by Servia, Montenegro, Bulgaria, and Greece, and I was informed by your Lordship's Secretary on the 11th of the same month that Her Majesty's Government expected shortly to hear from Her Majesty's Ambassador at Constantinople as to whether there was any prospect of the matter being then considered by the Representatives of the Powers and the Porte.

Since then our Committee have not heard of any steps being taken to convene the Ambassadors for the consideration of the matter, and meanwhile the bondholders of all the loans are being grievously wronged. We have not had the matter made the topic for questions in Parliament, as we have been in constant expectation that Her Majesty's Government would deal with it in the interest of the vast number of British subjects who are Turkish bondholders, but the postponement of the question year after year is beyond all endurance.

Trusting that your Lordship will use your good offices to secure for the bondholders what they are entitled to under the Treaty of Berlin, I remain, &c.

(Signed) H. SWAFFIELD,
Chairman of the Committee of Turkish Bondholders,
1858 *and* 1862 *Loans.*

No. 43.

Sir J. Pauncefote to Mr. Swaffield.

Sir,

Foreign Office, August 15, 1884.

I AM directed by Earl Granville to acknowledge the receipt of your letter of the 30th ultimo, on the subject of the Bulgarian tribute and the amount of the Turkish Debt to be borne by Servia, Montenegro, Bulgaria, and Greece.

I am to inform you, in reply, that Her Majesty's Ambassador at Constantinople reported, in January last, that the Representatives of the Powers in that capital were unable to consider the question pending the receipt of instructions by the Russian Ambassador, and that M. Valfrey was, in February last, deputed by the British and French bondholders to proceed to St. Petersburgh, with a view to inducing the Russian Government to take some action in the matter.

Up to the present time M. Valfrey's efforts appear to have led to no practical result; but the question is one which Her Majesty's Government have not lost sight of, and which they will use their best efforts to bring to a satisfactory conclusion.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

No. 44.

The Earl of Dufferin to Earl Granville.—(*Received September* 10.)

(No. 292.)

My Lord,

Therapia, August 30, 1884.

IN my despatch No. 189 of the 3rd June last, I had the honour to report to your Lordship that the revenues set aside by the Sublime Porte for the payment of the Russian war indemnity had, for a variety of unforeseen causes, been found to be insufficient, and that, consequently, the Russian Ambassador had demanded that additional revenues should be assigned for the surplus of the debt.

Your Lordship will remember that the four vilayets, whose revenues were set apart for the above purpose, were Adana, Conia, Castamouni, and Sious. The Russian Embassy has now demanded that, as during the past year the revenues of these vilayets fell so far short of the sum calculated, the Sublime Porte should substitute other and richer vilayets whose revenues were less subject to fluctuation, as, for example, the Vilayet of Aïden.

The Sublime Porte, however, refuse to entertain the demand of the Russian Embassy, alleging that the extraordinary causes which had led to the deficit in the revenues of the four above-mentioned vilayets during the past year were not likely to recur, and maintaining that the said revenues were amply sufficient, under ordinary circumstances, to meet the payment of the annuities of the indemnity.

The Ottoman Government has accordingly decided that no change should be made in the existing arrangement, but that orders should be sent to the provincial authorities directing them, should it be found necessary, to place at the disposal of the Ottoman Bank further revenues belonging to the same vilayets.

In the meantime a considerable portion of the last year's deficit has been paid, and the Sublime Porte is, I am informed, doing all in its power to meet its further liabilities on this head.

I have, &c.
(Signed) DUFFERIN.

No. 45.

Mr. Swaffield to Earl Granville.—(*Received September* 17.)

E

My Lord,

5, Queen Street Place, Upper Thames Street, London,
September 16, 1884.

I HAD the honour of receiving the letter of Sir J. Pauncefote dated the 15th ultimo on the subject of the Bulgarian Tribute and the amount of the Turkish debt to be borne by Servia, Montenegro, Bulgaria, and Greece, and on behalf of our Committee, and the Turkish bondholders generally, I beg to tender to you our best thanks for giving

us the promise that Her Majesty's Government will use their best efforts to bring the question to a satisfactory conclusion.

I received a letter yesterday from Mr. V. H. P. Caillard, the representative at the Council of Administration of the British, Dutch, and Belgian bondholders, and I have the pleasure of inclosing a copy of same.

You will observe that he takes a very gloomy view of the prospects of our obtaining a settlement of the question unless one or more of the Powers who signed the Treaty of Berlin take the initiative in getting the matter dealt with.

The bulk of the Turkish debt is held in England and France, and although it is impossible to say what are the exact proportions which each country holds, it may be taken approximately that they hold about equal shares of the nominal amount of the debt, but that France has a preponderance of the General Debt stock, whilst we have a preponderance of the other and more expensive issues.

What we take the liberty of asking is, that your Lordship will be so good as to lay the particulars of the case before the French Government, and endeavour to get that Government, in the interests of its numerous subjects who are Turkish bondholders, to join the British Government in bringing the question before the other signatories of the Treaty of Berlin, with the view of getting it settled without further delay.

Mr. Vincent, prior to his leaving Constantinople for Egypt, drew up some elaborate schemes to show how a settlement might be effected, but his plans were unnecessarily complicated. A simple method of dealing with the question would be to decide how much of the Turkish debt shall be borne by each of the Balkan States interested; then to request those States to purchase and present to the Council of Administration for amortisation bonds of the various Turkish loans up to the nominal amounts for which they are made liable. These States would then receive a full acquittance, and would extinguish their respective shares of the debt.

This method would meet the requirements of the Turkish Decree of December 8 (20), 1881, Article 12.

Bulgaria, by way of a settlement of the Tribute question, might perhaps be assessed with an additional amount of debt, which she might also extinguish in the manner indicated.

Such an arrangement would probably be more satisfactory to Russia than that Bulgaria should pay tribute to Turkey.

The appointment of a new Ambassador at Constantinople gives a new point of departure, and will furnish an excellent opportunity for taking the matter in hand.

I need hardly say that such action on the part of Her Majesty's Government would be a great boon to all classes of the Turkish bondholders; it would also be highly appreciated by the Ottoman Government, as they have long and earnestly wished for this question to be settled.

I have, &c.

(Signed) H. SWAFFIELD, *Chairman of the Committee of the* 1858 *and* 1862 *Bondholders.*

Inclosure in No. 45.

Mr. Caillard to Mr. Swaffield.

Dear Sir, *Alexandria, September* 6, 1884.

I AM indebted to you for two letters dated the 15th and 18th August respectively. The delay in answering these, which, I much regret, has been caused by my being for the time in Egypt, occupied with matters concerning our tobacco revenue.

I cordially agree with you that the settlement of the contributive portions of the debt is a question of first-rate importance to the bondholders; and since I have had the honour to represent their interests, I have spared no effort to promote a satisfactory solution.

Unfortunately, as you are aware, the matter rests chiefly in diplomatic hands, which it appears, for the present, almost impossible to move. The question now, in spite of Mr. Valfrey's journey and all our endeavours, is practically where it was two years ago, that is to say, that every Power is ready and willing to promote a solution with the single exception of Russia, who desires to pose as the protector of Bulgaria, and refuses therefore to discuss propositions whose object would be to bear on the resources of that country in common with those of the others affected.

I have myself personally, and several times, seen each Ambassador at Constantinople separately, and discussed the question with them. With the single exception of the Russian, who considers, and will probably continue to consider until real pressure be brought to bear on the Russian Government, the moment for a Conference inopportune, they are practically unanimous in declaring themselves ready to take part in a Conference, should there be any possibility of arriving at a practical result. But they say, so long as the Russian Ambassador receives no favourable instructions from St. Petersburgh, the Ambassadors would only assemble to find themselves met by a declaration from their Russian colleague that, for want of instructions, he could not take part in any definite discussion. With this contingency so clearly before them, they consider it useless to meet in Conference unless at the distinct initiative of some Power or Powers, which might be, as the most interested, either England or France, or both together. These might, if so inclined, exert an effectual pressure on the Russian Government.

It might be said that Turkey is the most interested party, and that active initiative should proceed from her. I have represented this strongly to Saïd Pasha more than once; but it requires no great political insight to perceive that, single-handed, Turkey could produce no impression on Russia, and that, unless supported, she would not venture to take any step in direct opposition to Russian policy, more especially as the war indemnity is not in an altogether satisfactory state.

I think, however, that we may congratulate ourselves on the conclusion of the letter addressed to you by Sir Julian Pauncefote. The best efforts of Her Majesty's Government promised by him would, I am sure, be of the highest utility in bringing the matter to a satisfactory conclusion. You may rest assured that I, for my part, will spare no endeavour which may conduce to that end.

On my return to Constantinople I will inquire into the matter of the non-publication of the numbers of the bonds purchased for amortisation.

I am, &c.

(Signed) VINCENT H. P. CAILLARD.

No. 46.

Earl Granville to Sir J. Walsham.

(No. 826.) *Foreign Office, September* 30, 1884.

Sir,

I INCLOSE copy of a letter from Mr. Swaffield,* in which he suggests a method for the payment by the tributary States of their share of the Turkish debt.

Before dealing with Mr. Swaffield's proposals, I should wish to be informed whether the French Government intend to take any steps, either at St. Petersburgh or at Constantinople, in pursuance of the objects of M. Valfrey's mission to the European capitals, which has not hitherto led to any practical results.

I am, &c.

(Signed) GRANVILLE.

No. 47.

Sir J. Walsham to Earl Granville.—(Received October 11.)

(No. 594.) *Paris, October* 10, 1884.

My Lord,

I HAVE the honour to state, in reply to your Lordship's despatch No. 826 of the 30th ultimo, which reached me yesterday, that from inquiries I have made, there is no reason to suppose that the French Government are taking any action at all at the present moment, either at St. Petersburgh or at Constantinople, or that they have been asked of late by M. Valfrey himself to take action, in furtherance of his endeavours to obtain a settlement of the share of the Ottoman Debt to be borne by the provinces detached from the Empire, which formed the object of his recent visit to the European capitals, as explained in Lord Lyons' despatches No. 879 of the 22nd December last and No. 4 of the 2nd January. M. Valfrey is, I understand, in Paris, and whatever measures he may be adopting to bring the pending question to a

* No. 45.

satisfactory issue are being carried out apparently without, so far as I have been able to gather, even unofficial assistance from the French Government.

I have, &c.
(Signed) JOHN WALSHAM.

No. 48.

Earl Granville to Mr. Lascelles.

E
(No. 33. Confidential.)
Sir,

Foreign Office, November 6, 1884.

MR. BOUVERIE called upon me this afternoon, and, in a confidential conversation, pressed upon me the settlement of the question of the tribute to be paid by Bulgaria to the Porte, and of the quota of the Turkish Debt to be borne by the several Balkan States.

I explained to him generally what we had done, pointing out that, in fact, Great Britain was the only Power which had taken any action in the matter.

Mr. Bouverie expressed an opinion that if England and France would jointly make friendly representations to Russia on the subject, that Power might be induced to give advice to the Bulgarian Government in a sense favourable to the settlement of the question.

I answered that I had reason to believe that the French Government were not inclined to move in the matter.

Mr. Bouverie asked whether he might say that it was his personal opinion that if France would agree to make friendly representations to Russia Her Majesty's Government would not object to join.

I stated that I had no objection to his doing so.

I am, &c.
(Signed) GRANVILLE.

No. 49.

Mr. Wyndham to Earl Granville.—(Received November 19.)

(No. 389.)
My Lord,

Constantinople, November 14, 1884.

I HAVE the honour to report to your Lordship that the Sublime Porte recently addressed a Circular to the Ottoman Representatives abroad on the subject of the payment by Bulgaria and the smaller States of their contributive parts to the Ottoman public debt.

In this Circular Assim Pasha observes that all the Great Powers are favourable to a settlement of this question with the exception of Russia, who, it appears, has formulated a demand that the Conference of Ambassadors should also take into consideration the questions connected with the Varna Railway accounts and the junction of the Austro-Turkish line of railways. Assim Pasha states in the Circular that the Sublime Porte is unable to accept the views of the Russian Government in this respect, as the questions alluded to were treated separately by the Treaty of Berlin.

I have, &c.
(Signed) HUGH WYNDHAM.

No. 50.

Earl Granville to Mr. Wyndham.

(No. 314 A.)
Sir,

Foreign Office, November 12, 1884.

THE Turkish Ambassador called upon me to-day, and read to me a despatch from his Government relative to the question of the Bulgarian Tribute, and the contributive parts of the Ottoman debt to be borne by the Principality, and by Servia, Greece, and Montenegro.

Assim Pasha states that the matter remains in suspense owing to the refusal of the Russian Government to authorize their Ambassador at Constantinople to arrange for its settlement in concert with his colleagues and the Imperial Government; that

the Turkish Ambassador at St. Petersburgh had been instructed to discuss the question with the Russian Minister for Foreign Affairs, but that M. de Giers had replied that as regards Bulgaria the whole financial situation of the Principality would have to be taken into consideration, including the British and Austrian claim in connection with the Varna Railway, and that its share of the Turkish debt could not consequently be fairly discussed without a simultaneous settlement of the above claims. M. de Giers added that if the Porte should propose the meeting of a Conference, having for its object the settlement of the questions of the debt and tribute, as well as of the British and Austrian claims, the adhesion of His Majesty the Emperor would be easily obtained.

This suggestion does not appear to the Porte to be one of a practical nature, there being no analogy between these different questions, which have been provided for separately and independently of one another in the Treaty of Berlin, where they form the subject of distinct and special Articles.

Assim Pasha concludes by stating that the Porte are anxious to learn whether a renewed application to the Powers would be likely to lead to an agreement upon this question.

I told Musurus Pasha that Her Majesty's Government would be happy to associate themselves with the other Powers if the concurrence of the latter could be obtained.

I am, &c.
(Signed) GRANVILLE.

No. 51.

Earl Granville to Viscount Lyons.

(No. 1082.)
My Lord,

Foreign Office, December 17, 1884.

WITH reference to Sir J. Walsham's despatch No. 594 of the 10th October last, I transmit to your Excellency herewith a copy of a note and Memorandum by M. Valfrey, which have been communicated to me by Mr. Bouverie, relative to the question of the Bulgarian tribute, and the amount of the Turkish debt to be borne by the Principality, and by Servia, Greece, and Montenegro.*

In this note M. Valfrey states that the French Government are rendering him their assistance with a view to arrive at a satisfactory solution of the question, and I have to request that your Excellency will ascertain and report to me what steps are being taken by the French Government in the matter.

I am, &c.
(Signed) GRANVILLE.

No. 52.

Viscount Lyons to Earl Granville.—(Received December 26.)

(No. 726.)
My Lord,

Paris, December 24, 1884.

WITH reference to your Lordship's despatch No. 1082 of the 17th instant, I have the honour to report that I spoke this afternoon to M. Jules Ferry of the communications between M. Valfrey and the Russian Government respecting the tribute to be paid by Bulgaria to the Porte; and I asked his Excellency what steps the French Government were taking in the matter.

M. Ferry answered that he was not aware of any particular step having been taken lately. The French Government, he said, wished M. Valfrey's efforts in favour of the Ottoman bondholders to be successful, and had lent its countenance to them, but that it had given no more than entirely unofficial, or rather private, support.

M. Ferry proceeded to inquire of me whether Her Majesty's Government now thought that it would be desirable to take more decided measures.

I replied that I had not been instructed to do more than ascertain what steps the French Government were actually taking.

I have, &c.
(Signed) LYONS.

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* In Mr. Bouverie, Private, November 28, 1884.